



Task Force on the
Future of the
Canadian Financial
Services Sector

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Public Opinion Research Relating to the Financial Services Sector

by
Ekos Research Associates Inc.

September 1998

Research Paper Prepared for the Task Force on the Future
of the Canadian Financial Services Sector



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The views expressed in these research papers
are those of the authors and do not necessarily reflect
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1. Overview of the Research

Background

- Like many other sectors in the economy, the Canadian financial services sector has changed dramatically over the last decade. On the one hand, the overall environment in which firms within the sector are operating has changed significantly given advances in technology and the emergence of a global marketplace for financial services. On the other hand, the way in which consumers and businesses are interacting with the sector has also changed dramatically, as have the range of products and services available to them.
- Against this backdrop, the Task Force on the Future of the Canadian Financial Services Sector was established to examine public policies affecting the sector. The Task Force is to make recommendations in a number of areas, including examining ways the sector can enhance its contribution to job creation and economic growth, ways to increase competition, efficiency, innovation, and its international competitiveness, ways to allow it to take advantage of technological change, and to enhance its contribution to the best interest of Canadians.
- In fulfilling this mandate, the Task Force commissioned research in a wide range of areas. This report provides the findings from one such element of the Task Force's research workplan – undertaking consumer/public opinion research.

Objectives of the Study

- The overall objective of this study is to provide timely and reliable public opinion research to support the work of the Task Force.
- The specific objectives of this study include:
 - describing the current and evolving attitudes of the Canadian public on the range of core issues under examination by the Task Force;
 - examining Canadians' interaction with the financial services sector, including developing a profile of individuals as consumers, broad levels of satisfaction, as well as awareness and exposure to certain activities; and
 - understanding the interrelatedness of many of the issues, and how they are shaping the public's attitudes.

Methodology

- The findings are based on data collected from two sources, including:
 - a representative telephone survey of 1,800 Canadians from the general public¹; and
 - a series of focus groups (seven) and triads (21) with individuals who had participated in the telephone survey.
- A general caveat is in order in interpreting the findings from this research. While the research was undertaken after the announcement of the proposed merger between the Bank of Montreal and the Royal Bank of Canada, it was completed prior to the announcement of the proposed merger between the Canadian Imperial Bank of Commerce and Toronto Dominion. In that regard, it is unclear how this second announcement would have changed the overall findings, although it is likely that perceptions in some key areas would be altered (e.g., perceived levels of competition).
- Throughout this research, the term financial services sector was used in reference to banks, insurance companies and investment dealers or stock brokers. Similarly, the term financial institution was used to refer to banks, trust companies, credit unions, and other types of institutions where Canadians conduct their personal banking. Non-financial institutions were defined as Money Marts or other types of cheque cashing services. In many cases, questions relating to insurance and insurance companies were grouped together rather than being separated in terms of property and casualty and life insurance. This approach reflects that many individuals do not make the same distinction when thinking about insurance.

Survey

- A survey instrument was designed to be administered over the telephone to the general public, and last 30 minutes on average. The survey was designed in close consultation with the Task Force, and to cover issues identified as being of most importance to this research endeavour.
- In order to gauge the flow and clarity of the survey, the instrument was pretested in a focus group setting (English and French) in January 1998.
 - Revisions to the instrument were made to clarify certain questions and to adjust some of the terminology.
 - Following the focus group, the survey was pretested over the telephone in both English and French. Further revisions were made to give a sharper focus to the questionnaire.

¹. Respondents were asked about their employment status. As such, the survey includes individuals who identify themselves as being self-employed. While this group of individuals is not fully representative of small businesses, they can be assumed to be representative of self-employed who constitute many of the owners of small businesses.

- Following the announcement of the proposed merger between the Bank of Montreal and the Royal Bank of Canada in February, 1998, the decision was made to delay undertaking the survey at a time when media coverage was at its peak. This was considered necessary in order to minimize any possible "noise" in the findings.
- Final revisions were made to the questionnaire to reflect the changed environment. The final version of the survey instrument is presented in Appendix 1-A.
- In total, 1,800 interviews were undertaken between March 17 and April 4, 1998. The margin of error for the overall sample is \pm 2.3 per cent, indicating the level of precision of the responses nineteen times out of twenty. Larger margins of error are associated with subgroups of the sample. A field report is included in Appendix 2.

Focus Groups and Triads

- The qualitative component to this research project involved undertaking a series of focus groups and triads across the country. This two-pronged approach recognized that it would be difficult to recruit sufficient numbers of participants to have focus groups with different sub-groups in each centre.
- As mentioned earlier, two focus groups (one English, one French) were held prior to the survey in order to gauge the flow and clarity of the instrument. Participants for these groups were recruited from the general public in order to reflect conditions that could be expected in the actual telephone survey.
- The qualitative research was undertaken between April 8 and April 17, 1998.
- All participants in the research were randomly selected members of the general public. Recruitment procedures ensured that the views of self-employed people, low-income Canadians and individuals living in rural locations were represented in the research.
- A moderator's guide for the post-survey focus groups and triads was developed in close consultation with the Task Force, and designed to complement the quantitative component as well as assisting in the general interpretation of results from the survey. The moderator's guide utilized a modular approach for discussing the study issues. A number of core questions were asked in all of the sessions, while a series of optional questions were rotated across the discussions. Certain questions were designed to be discussed with specific groups (e.g., low income). The moderator's guide is presented in Appendix 1-B.
- The post-survey focus groups were composed of members from the general public recruited from the survey with three in English and two in French. Recruitment for the triads, to the extent possible, placed more emphasis on individuals from lower socioeconomic status groups, self-employed, and those outside the larger urban centres. Approximately 95 people participated in the qualitative research.

- The focus groups ranged in size from seven to 10 participants. Triads usually involved three participants, although they occasionally involved the participation of two people or one person.
- The triads and focus groups lasted approximately one and two hours respectively, and were conducted by one of two different moderators.
- The geographic composition of the focus groups and triads is summarized in Exhibit 1.1.

EXHIBIT 1.1**Geographic Composition of Focus Groups and Triads**

Location	Groups
Ottawa	1 Pre-Survey Focus Group 1 Post-Survey Focus Group
Toronto	2 Focus Groups 3 Triads
Montreal	2 Focus Groups 4 Triads
Vancouver	5 Triads
Montreal	5 Triads
Halifax	5 Triads

Organization of this Report

- The rest of this report is organized in nine additional chapters.
 - Chapter 2 provides an overview of the interaction that Canadians have with the financial services sector.
 - Issues relating to access to the sector are examined in Chapter 3.
 - Chapter 4 examines Canadians' levels of satisfaction with different elements of the financial services sector.
 - In Chapter 5, levels of trust and confidence in the financial services sector are highlighted.
 - Chapter 6 explores the images of banks in order to better understand underlying attitudes.

- Chapter 7 examines the issues of competition, mergers and Canadian control.
- Industry practices are discussed in Chapter 8.
- Issues relating to technology and privacy are examined in Chapter 9.
- Conclusions drawn from this research are provided in Chapter 10.

2. Canadians and Their Interaction with the Financial Services Sector

Profile of Canadians as Consumers of Financial Services

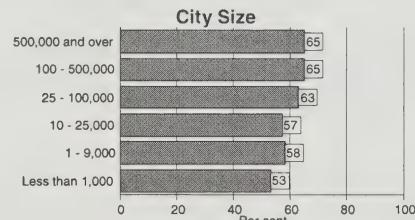
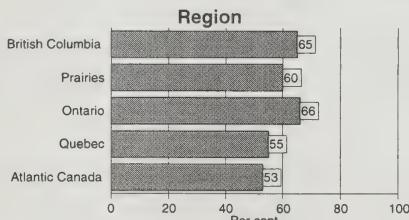
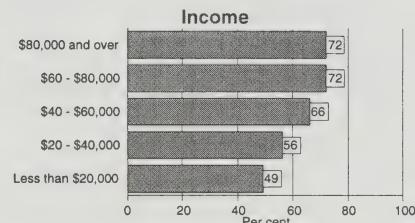
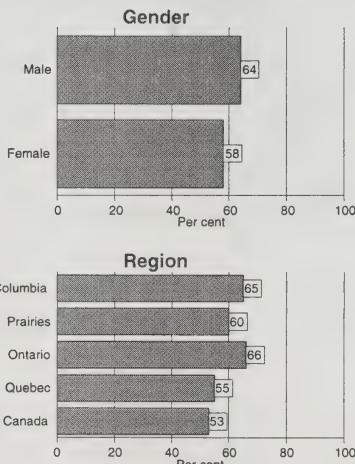
Canadians and Financial Institutions

- The overwhelming majority (98 per cent) of Canadians reported having an account with a financial institution. Another two per cent reported that they had no account.
- Given that lower socioeconomic groups are often underrepresented in surveys, it is recognized that the two per cent figure is undoubtedly understated. While difficult to say definitively, the overall figure could be in the range of two to four percent of Canadians that do not have a bank account if it is assumed that the true level is as much as twice as high.
 - Although still relatively infrequent, the incidence of non-account status is highest amongst lowest income Canadians (5 per cent).
 - Likewise, three to four per cent of Canadians over the age of 65 reported not having an account.
- That being said, it appears that not having an account is largely a voluntary choice amongst those survey respondents without one. When asked about the main reason, most responded that they either did not need or want an account, or disliked banks. Difficulties getting an account were not mentioned as a reason, although it is possible that some respondents may have been reluctant to admit this as a reason.
- When it comes to the number and type of financial institutions that individuals rely on for their different banking activities, there is evidence that many Canadians shop around and that the marketplace is not homogeneous.
- Canadians who deal with only one institution are in the minority today (39 per cent), and 61 per cent report that they are using two or more institutions for their different banking activities. One in three (35 per cent) reported using two institutions. Another 17 per cent said three institutions, and nine per cent said four or more.
- There are some differences amongst sub-groups of Canadians (Exhibit 2.1).
 - There is a strong correlation between the number of institutions and socioeconomic status.
 - Men are more likely than women to deal with multiple institutions.
 - On a regional basis, individuals living in Quebec and Atlantic Canada are less likely to deal with multiple institutions, although it is still a majority.

- While some differences between rural and urban areas exist, a majority of all respondents still report using multiple institutions.

EXHIBIT 2.1
Number of Financial Institutions

(Per cent of respondents using multiple institutions)



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Task Force on the Future of the Canadian
Financial Services Sector Survey, March-April 1998

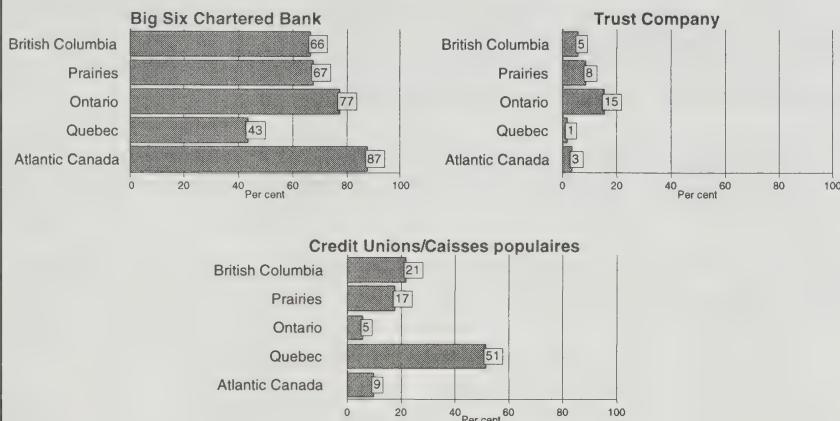
- The results from the qualitative research provided insight into why some people rely on one institution while others deal with multiple institutions. Three broad "types" of individuals emerged in the discussions:
 - Participants using the same, single institution.** The main reasons cited for staying with the same institution centre on the convenience of one-stop shopping and the identification, almost in the sense of a membership, with an institution. Most of these individuals are highly satisfied.
 - While for other reasons, some low-income participants indicated that they deal with one institution because they use fewer services and have less reason to shop around. Other low-income participants said they find switching institutions difficult because they are not as attractive customers to large banks.

- **Participants using only one institution, but have switched institutions because of dissatisfaction.** These participants seemed to want to remain with their institution, but were unwilling to settle for inferior service. Sometimes reluctantly, they took all their financial products elsewhere.
- **Participants using multiple institutions.** The main driver behind dealing with multiple institutions was to shop around for the best deal. Many participants were older, in upper socioeconomic status groups, and were more skeptical of any one bank's abilities to provide expertise and knowledge in the range of services.

- The type of financial institution that individuals are using reveals further evidence that the Canadian marketplace is not homogeneous.
- When asked about their *primary* financial institution, two in three (67 per cent) report using one of the big six Schedule I banks.² Another one in three indicate that their primary financial institution is an alternative, including credit unions (13 per cent), trust companies (7 per cent), or caisses populaires (13 per cent).
- There are, however, some important differences across income levels as well as along regional and city size lines. On the other hand, few significant differences are observed along gender and generational lines.
- Generally speaking, upper income Canadians are somewhat more likely than other groups to use a big six Schedule I bank (between 70 and 72 per cent). Trust companies are also relatively more popular among Canadians with household incomes above \$80,000 (13 per cent). Caisses populaires are cited relatively more often as the primary institution among middle and lower income Canadians (between 17 and 19 per cent). There are no differences among usage of credit unions.
- The differences on a regional basis are clearly evident from Exhibit 2.2.
 - In Quebec, caisses populaires are the choice of a majority of individuals.
 - While a majority in Western Canada use the large chartered banks, credit unions are seen as a more popular choice than elsewhere in the country.
 - A strong majority of individuals in Atlantic Canada and Ontario reported using a big six Schedule I bank.

² The question asked about the individual's primary institution, and does not include the other institutions being used by respondents who deal with more than one.

EXHIBIT 2.2
Choice of Primary Financial Institutions



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- There are also some differences along rural and urban lines. Credit unions are, for example, more prevalent in smaller communities. One in five (19 per cent) respondents living in communities with a population less than 1,000 reported that their primary institution is a credit union. This compares to 5 per cent of respondents in urban centres over 500,000.

Borrowing and Investing

- Many Canadians are active borrowers and savers/investors, although there are strong income and lifecycle patterns.
- In total, one in two (50 per cent) Canadians reported having had a personal loan in the past three years, and one in three (34 per cent) have had a mortgage. Not surprisingly, the lifecycle patterns are particularly strong with respect to mortgages given that many younger Canadians are likely to have had loans, for example, relating to post-secondary education.
 - Highest levels of borrowing are reported amongst Canadians between the ages of 30 and 44 (61 per cent for loans; 52 per cent for mortgages). The levels are lowest among Canadians 65 and older (19 per cent for loans; 15 per cent for mortgages). One in two (50 per cent) younger Canadians report having loans, compared to 15 per cent with mortgages.

- Closely related to lifecycle patterns, couples with children are also more likely to have had a personal loan (58 per cent) or mortgage (49 per cent).
- When it came to accessing credit, six per cent of Canadians reported having had a loan or mortgage turned down in the past three years.
 - The rejection rate is not strongly connected to socioeconomic status.
 - Slightly higher rates are statistically significant amongst younger Canadians under the age of 30 (9 per cent), males (8 per cent *vs.* 5 per cent for females), and those that indicate they are self-employed (9 per cent).
- Nearly three in four (71 per cent) Canadians who had a loan or mortgage turned down believe that the institution's decision was unfair.
- In terms of saving and investing, many Canadians reported having bought Guaranteed Investment Certificates (GICs) and mutual funds. Close to one in three (31 per cent) reported purchases of GICs in the past three years. Over the same time period, 43 per cent report buying mutual funds.
 - Canadians in their prime working age are far more likely to have bought mutual funds – 53 per cent of respondents between the ages of 30 and 64. This compares to 28 per cent for individuals under 30, and 30 per cent among those over 65.
 - Older Canadians are more likely to lean towards GICs than their younger counterparts. Four in ten (42 per cent) Canadians 65 and over report buying GICs compared to 20 per cent of those under 30.

Bundling of Financial Services

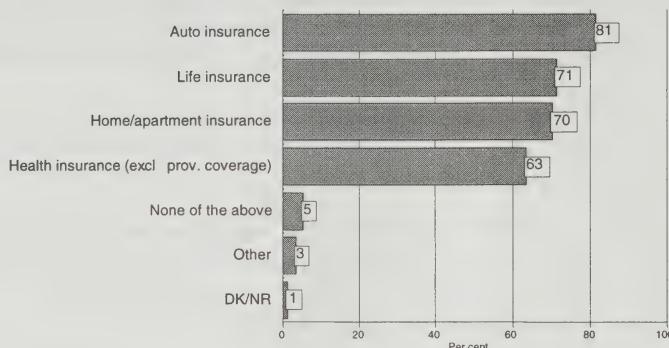
- While a large number of Canadians rely on multiple financial institutions, there is also evidence that many individuals still "bundle" and rely on their primary institution to purchase a range of products and services.
- Over two in three Canadians with mortgages (68 per cent), loans (74 per cent) and their credit cards (74 per cent) got them from the same institution where they primarily do their personal banking.
- Even among those Canadians that deal with multiple institutions, a majority still reported that they got their mortgages (58 per cent), loans (60 per cent) and their credit cards (70 per cent) from their primary institution.
- Canadians are far less likely to rely on their primary financial institution when it comes to GIC and mutual funds purchases.

- Fewer than half (45 per cent) bought all their GICs from their primary financial institution, and 25 per cent bought only some of them. Another 30 per cent bought their GICs elsewhere.
 - Canadians buying mutual funds are the most likely to shop around, perhaps reflecting their greater brand recognition (53 per cent said that they bought them elsewhere). Only 26 per cent bought all their mutual funds from their primary institution, and another 21 per cent bought some of them.
- There are, for the most part, only a few significant differences in "bundling" patterns observed across the various sub-groups.
 - Respondents who are least likely to report having a credit card with their primary institution include younger Canadians (32 per cent), low-income households (36 per cent), those that deal with credit unions/caisses populaires (39 per cent), and those living in the largest urban centres (32 per cent) and British Columbia (34 per cent).
 - Respondents who rely on credit unions/caisses populaires are the most likely to report that they used their primary institution for their personal loans (84 per cent).
 - There are few differences on a rural/urban basis. Respondents living in the largest urban centres are the least likely to report having a credit card with their primary institution (68 per cent). Amongst those living in communities with a population less than 1,000, the figure is 83 per cent. Respondents living in cities with a population between 25,000 and 100,000 were the most likely to have had a mortgage with their primary institution (77 per cent).

Canadians and Insurance

- As shown in Exhibit 2.3, the majority of Canadians reported having different types of insurance either personally or through their employer, association or other source.³ The proportion of individuals with the different types of insurance varied significantly along generational lines and socioeconomic status.

³. It is possible that a proportion of those indicating they have insurance for such things as automobile and home/apartment may be referring to the household (e.g., a son or daughter saying that they are covered under their parents' automobile insurance policy).

EXHIBIT 2.3**Insurance***"Do you currently have any of the following types of insurance?"*Ekos Research Associates Inc.
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n=1800

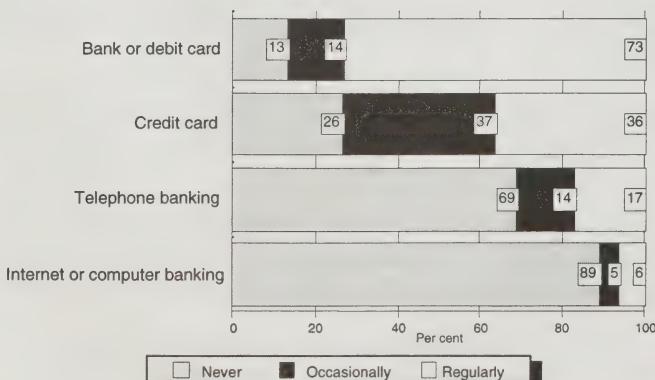
Task Force on the Future of the Canadian
Financial Services Sector Survey, March-April 1998

- Younger Canadians are the least likely to have different types of insurance, although older Canadians are also less likely to have life and health insurance.
- Amongst lower income Canadians, a minority report that they have life, home or apartment, or separate health insurance. A small majority (56 per cent) report that they had automobile insurance. In total, nearly one in five (17 per cent) reported that they did not have any of the different types of insurance. This compares to at most 5 per cent in other income groups. The survey, however, did not identify why different respondents do not have insurance (e.g., cannot afford, do not need/want).
- Couples and individuals with children also tended to report higher levels of coverage.
- One in ten (8 per cent) Canadians with insurance also reported purchasing an annuity or another type of investment or savings product from their insurance company or broker.

Personal Banking and Technology

- Based on both the quantitative and qualitative findings, it is clear that the introduction of new technologies has fundamentally altered how most Canadians do their personal banking. Despite this endorsement of new technology, many Canadians also still believe that it is important to maintain the ability to have "traditional" access to their personal banking services (discussed in Chapter Three).
- As shown in Exhibit 2.4, the extent to which bank or debit cards have become part of the mainstream personal banking is clearly evident. With only 13 per cent of Canadians reporting that they never use them, the penetration rate of bank or debit cards is particularly high. Despite some sharp differences in usage, bank or debit cards are used either occasionally or regularly by the majority of all subgroups.
- Bank or debit cards are used almost universally by younger Canadians with only four per cent saying that they never use them. In contrast, many older Canadians are not using them, although it is still a minority (38 per cent).
- Respondents living in communities with fewer than 1,000 inhabitants are the most likely to never use bank or debit cards, but it is again only a small minority (20 per cent) and similar to elsewhere (between 9 and 15 per cent).

EXHIBIT 2.4
Personal Banking and Technology
"How often do you use the following financial services or products?"



- Credit cards are used less often than debit or bank cards, although nearly three in four Canadians still either regularly (36 per cent) or occasionally (37 per cent) use them (see Exhibit 2.4). Generally speaking, younger Canadians, lower income groups and those in smaller communities tend to use them less often.
- While more recently introduced technologies such as telephone and Internet/computer banking are not part of the mainstream yet, they are being used by a small but significant number of Canadians. Furthermore, usage of both cuts across different income groups as well as between urban and rural areas, although it is slightly higher among upper income groups and larger cities.
- In total, close to one in three reported using telephone banking at least occasionally (14 per cent) or regularly (17 per cent) (see Exhibit 2.4).
 - Telephone banking usage is higher among younger and middle aged Canadians (between 30 and 35 per cent), although one in five older Canadians also occasionally use it.
 - Individuals with household incomes above \$80,000 are the most likely to report occasional or regular usage (39 per cent), but even 27 per cent of low-income Canadians do so as well.
 - More than one in three (35 per cent) of Canadians living in cities with more than 500,000 inhabitants reported at least occasional usage. In the smallest communities, one in five (22 per cent) have done the same.
- One in ten reported using Internet/computer banking at least occasionally (5 per cent) or regularly (6 per cent) (see Exhibit 2.4). While this represents a small but not insignificant proportion of Canadians, our research in the area of the information highway suggests that there is clear potential for it to grow in popularity, provided respondents' concerns around security issues are addressed.
 - For the time being, usage is essentially limited to younger and middle aged Canadians (between 12 and 14 per cent). Only one per cent of Canadians over the age of 65 report any usage.
 - Similar to telephone banking, individuals with household incomes above \$80,000 are the most likely to report occasional or regular usage (18 per cent). There is, however, some usage among lower-income Canadians (between 6 and 9 per cent).
 - Higher levels of occasional or regular usage are reported in the largest cities (14 per cent), although there is still some usage in the smallest communities (6 per cent).
- While many Canadians have warmed to new technology, these developments generated mixed reactions in the focus groups and triads.

- On the one hand, participants are enamoured of banking machines and agree that they represent a major improvement in service quality and even quality of life. On the other hand, they also associate technology with less personalized service, and out of the grasp of many given that not everybody can afford computers.
- For many participants, the only significant resistance to technology is that they feel pushed to use it. That being said, they also feel there is a sense of inevitability that technological developments are the wave of the future, but believe that technology could represent barriers to some Canadians.

3. Access to the Financial Services Sector

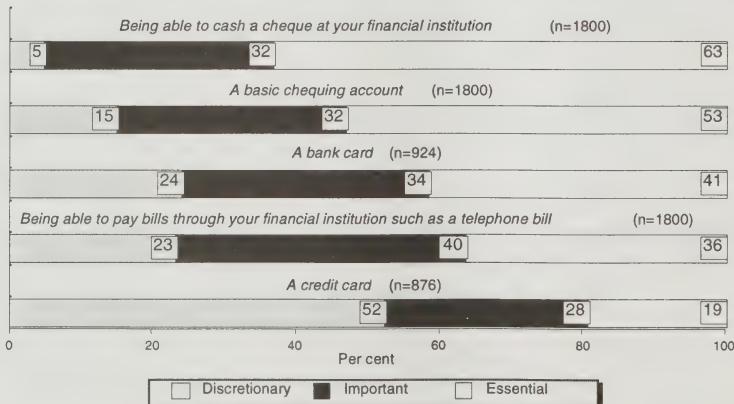
- The notion of "access" to the financial services sector can have a range of interpretations for different individuals.
- This section examines four elements relating to access □ ensuring that Canadians have the ability to access basic products and services provided by financial institutions; the perceived importance of in-person access; the use of non-financial institutions for cheque cashing; and holding periods on cheques.

Basic Access

- On the first issue, most Canadians believe that ensuring basic access to the financial services sector is an important policy objective.
- Basic transactions such as being able to cash a cheque at a financial institution and having a chequing account are seen by the majority as "essential" in terms of all Canadians being able to access them (63 per cent and 53 per cent respectively). Another third see both as important. Few see either as discretionary (Exhibit 3.1).

EXHIBIT 3.1
Basic Access

"How would you rate the following financial services or products in terms of all Canadians having access to them?"

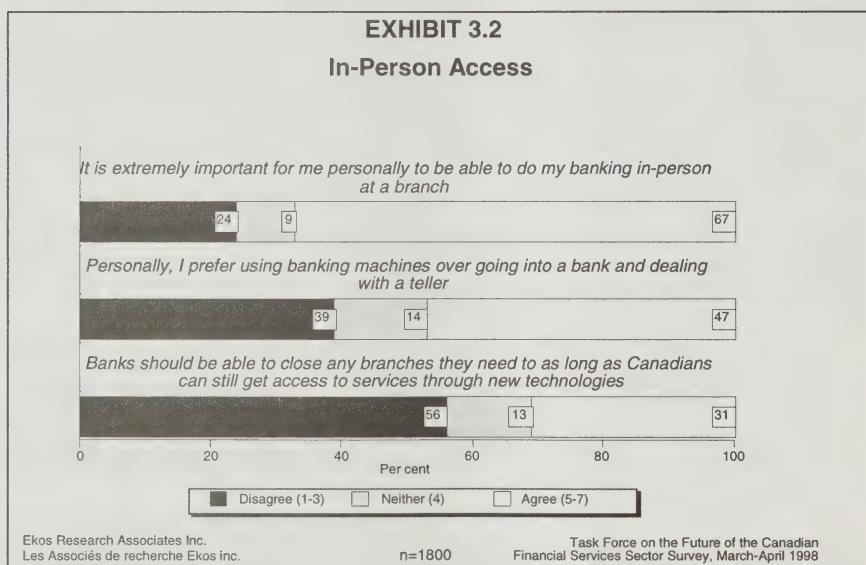


- In comparison, other products or services such as a bank card or being able to pay bills at a financial institution are still seen as at least important by the majority, although only a minority rated either as essential (41 per cent and 36 per cent respectively) (see Exhibit 3.1).
- Credit cards are seen as highly discretionary, and only a minority rated them as either important (28 per cent) or essential (19 per cent) (see Exhibit 3.1).
- These findings are consistent with attitudes expressed in the focus groups and triads. Despite the fact that it was not a top of mind concern, most participants felt that "something" should be done to make basic bank accounts accessible to all. As one participant said, "You have to have a place to cash your cheque. Your cheque is your money, you live with this. It's a necessity."
- While a few participants in the groups described a bank account as "a privilege, not a right" and pointed to alternatives such as Money Marts, the fact that this may mean some Canadians would have to pay higher fees to cash cheques was contrary to most participants' sense of fairness. This was particularly true if it involved cashing a government cheque.
- When it came to assigning responsibility for ensuring access to different services, a majority (55 per cent) believe that it should be shared between financial institutions and governments. Otherwise, the lean was towards making financial institutions responsible (29 per cent) over governments (11 per cent).
- In the discussions on ensuring basic access to a bank account in the focus groups and triads, differences in views were expressed about why the responsibility should be with financial institutions, governments, or shared between them.
 - The primary rationale for assigning responsibility to financial institutions revolved around the latter "giving back" to society/community.
 - Those assigning responsibility to government seemed to base their view on the perception that those who faced barriers sought mainly to cash government cheques (e.g., EI, pensions, social assistance).
 - Relating to cashing government cheques, many participants felt that financial institutions and government should come to an agreement on what they considered to be a relatively easy problem to solve.

In-Person Access

- The second dimension – the notion of in-person access – was examined given the movement in the sector towards greater reliance on technology such as automated bank machines, and telephone/Internet banking.

- As shown in Exhibit 3.2, Canadians are divided over in-person banking and using new technology. While 47 per cent agree that they prefer to use bank machines over dealing with a teller, another 39 per cent disagree. The divisions are largely explained by differences along generational lines, and to a lesser extent, city size.
 - Reflecting their less frequent use of bank or debit cards, older Canadians are much less likely to prefer bank machines (24 per cent agree vs. 67 per cent disagree). By comparison, 62 per cent of younger Canadians agree that they prefer bank machines, and only 25 per cent disagree.
 - Canadians living in smaller communities are also less likely to prefer using bank machines (32 per cent agree vs. 49 per cent disagree). In the largest urban centres, 52 per cent agree that they prefer using bank machines and another 33 per cent disagree.



- Despite a general usage of bank machines, most Canadians still lean towards preserving current in-person access. A strong majority (67 per cent) agree that it is still important for them to be able to do their banking in-person, and only 24 per cent disagree (see Exhibit 3.2).
 - Older Canadians are again more likely to attach importance of being able to do banking at a branch (86 per cent).
 - Similar outlooks are held by individuals with household incomes below \$40,000 (72 to 73 per cent) and Canadians living in smaller rural areas (74 to 79 per cent in areas with a population less than 10,000).

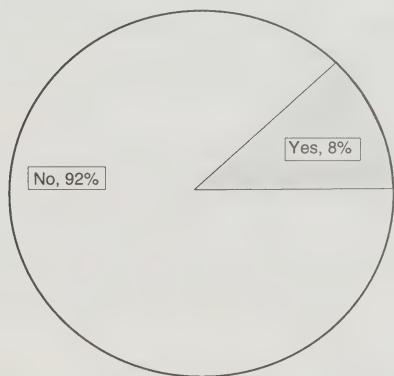
- For most respondents, the introduction of technology is not seen as a trade-off against branch closures. A majority (56 per cent) disagree that banks should be able to close any branches they need to as long as Canadians can still get access to services through new technology. Only 31 per cent agree (see Exhibit 3.2).

Use of Non-Financial Institutions

- While it is only a small minority of Canadians, there is some usage of non-financial institutions to cash a personal cheque. In total, close to one in ten (8 per cent) respondents indicated that they have used a Money Mart or another cheque cashing service (Exhibit 3.3).

EXHIBIT 3.3 Use of Non-Financial Institutions

"Have you ever used a Money-Mart or another cheque cashing service to cash a personal cheque?"



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n=1800

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- The findings from this research do not provide definitive reasons why some Canadians are using these types of services, although it does shed light in a few areas.
- To begin with, reported usage cuts across all socioeconomic status groups even though it is higher among certain sub-groups – younger Canadians (16 per cent), those with household incomes below \$20,000 (15 per cent), and students (16 per cent).

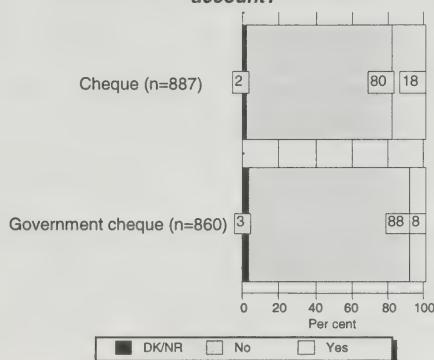
- Usage of non-financial institutions is also reported by Canadians with and without bank accounts. Moreover, only a minority of those respondents without a bank account also reported that they have used a Money Mart or another cheque cashing service.
- Canadians who indicated that their financial institution places a hold on cheques deposited into their accounts are far more likely to report having used a non-financial institution (19 per cent vs. 6 per cent of respondents who are not required to wait).

Cheque Holding Periods

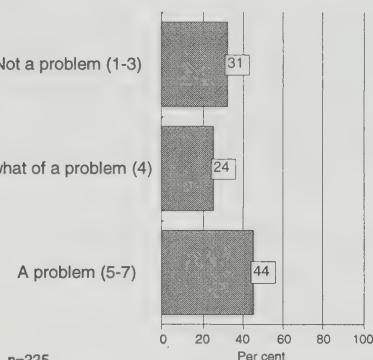
- As shown in Exhibit 3.4, close to one in five (18 per cent) Canadians reported having encountered a holding period before using the funds from cheques deposited into their account. Fewer Canadians reported having to wait before using funds from a government cheque, although the number is still close to one in ten (8 per cent).
 - Younger Canadians and lower-income groups are the most likely to report experiencing a holding period on a cheque (27 per cent for both). Still, one in five (19 per cent) Canadians with household incomes above \$80,000 also reported a holding period.
 - Similarly, younger Canadians are the most likely to report experiencing a hold on a government cheque (15 per cent).

EXHIBIT 3.4
Cheque Holding Periods

"Does your financial institution ever require you to wait before you can use the funds from a ... deposited into your account?"



*"Do you find this delay to be a serious problem for you personally?"
 (respondents required to wait)*



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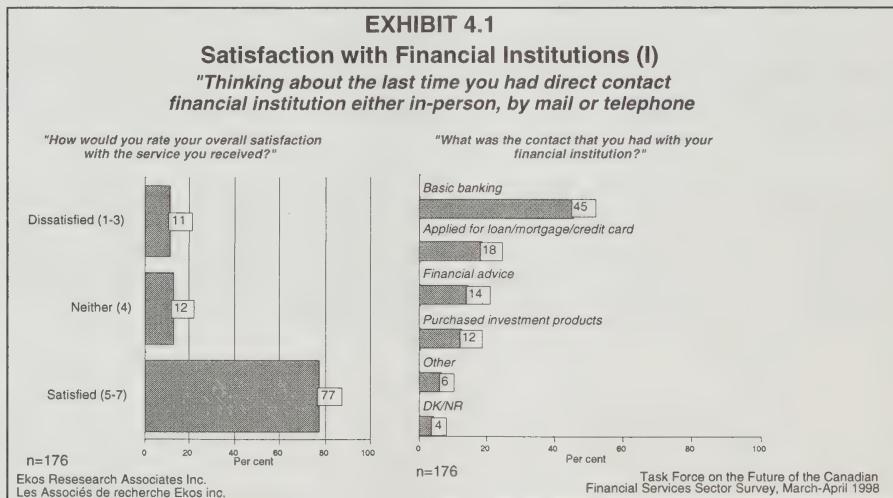
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- The strong majority of Canadians who reported having experienced a holding period see the wait to be either somewhat of a problem (24 per cent) or a problem (44 per cent) for them (see Exhibit 3.4).
- In the focus groups and triads, the idea that some people encounter barriers to cashing a government cheque was particularly puzzling to many. As one participant said, "It's not as if the cheque is going to bounce." However, some of the participants with experience on social assistance described this as a frequent problem with financial institutions, although they said that their local grocery store was happy to cash the cheque.

4. Satisfaction with the Financial Services Sector

Satisfaction

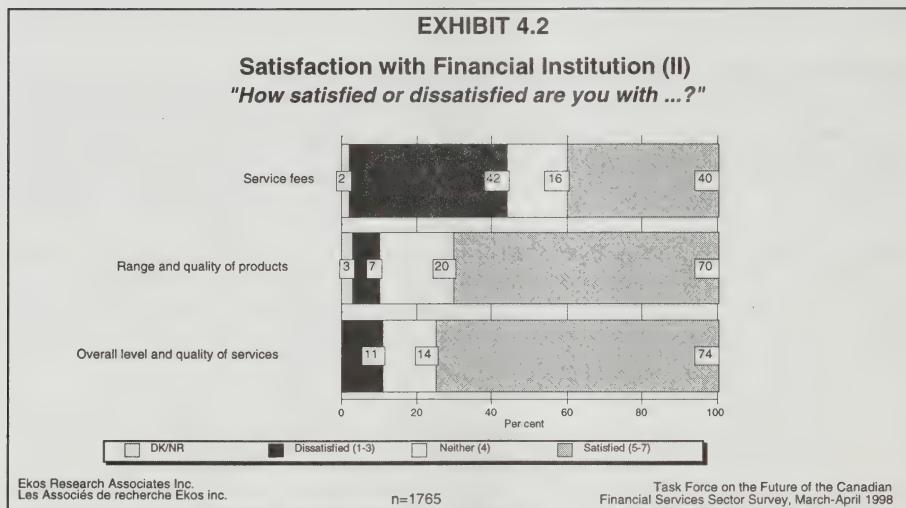
- Respondents were asked to rate their satisfaction with their last contact with their financial institution and their insurance company. At the micro-transactional level, high levels of satisfactions are reported by individuals in regards to both their financial institutions and their insurance companies or brokers. Moreover, Canadians reported much higher levels of satisfaction than what Ekos has observed when examining levels of satisfaction with the service received from government.
- When it came to the last direct contact that respondents had with their financial institution, three in four (77 per cent) reported they were satisfied. Only one in ten (11 per cent) reported they were dissatisfied, and another 12 per cent said neither (Exhibit 4.1). Contact with financial institutions typically related to basic banking activities, applying for credit, financial advice and purchasing investment products.



- In order to better understand predictors of satisfaction, multivariate regression models were developed to analyze the findings based on sociodemographic variables, financial behaviour and experience variables, as well as attitudinal variables. These different models enabled the findings to be examined to understand the impact of specific factors when the influence of other variables are held constant.
 - Sociodemographic variables include factors such as the respondent's age, gender, education and income status as well as the size of the community or city where they live.

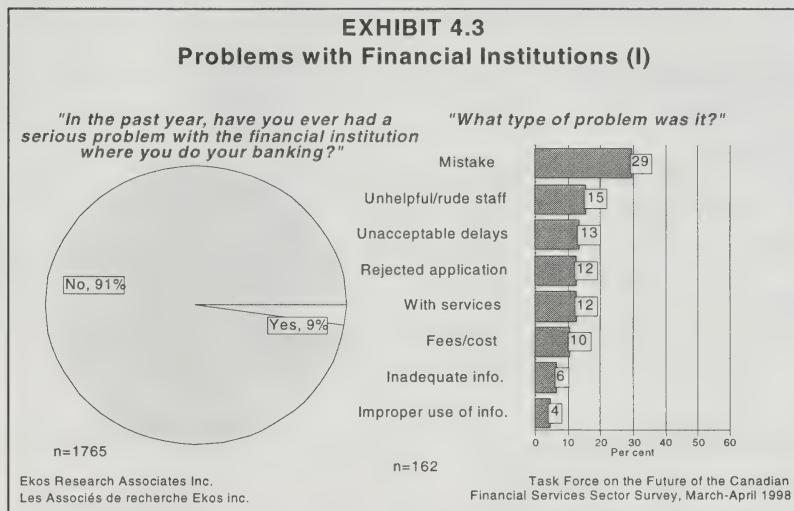
- Financial behaviour and experience include variables such as whether or not respondents have had a serious problem in the past year, and how many institutions they deal with.
 - Attitudinal variables are based on responses to questions that help reveal underlying attitudes (e.g., images of banks).
- Overall, the analysis suggests that behaviour or experience plays a much greater role in explaining levels of satisfaction among certain groups than do sociodemographic variables and underlying attitudes. Put another way, levels of satisfaction were much more likely to be explained by first hand experience in dealing with their institutions rather than by different demographic groups or underlying attitudes.
- When it came to behaviour or experience variables, one of the best predictors of satisfaction turned out to be whether a respondent has had a serious problem in the past year with their primary financial institution. Levels of satisfaction were much lower among those respondents who had experienced a serious problem. In fact, satisfaction ratings dropped by more than one point on the seven point satisfaction scale on average for these respondents after controlling for other experiences and sociodemographic characteristics. Other important experience or behaviour related variables that helped to explain lower levels of satisfaction included whether the respondent used multiple financial institutions, the perception of encountering tied selling related to one of their loan applications, being required to wait for cheques to clear, and being rejected for a loan. Use of a bank or debit card was mildly correlated with lower satisfaction levels while telephone banking was correlated with higher satisfaction levels.
- When examined according to sociodemographic predictors, the highest levels of satisfaction were reported by females and respondents that are unemployed. The lowest levels of satisfaction were reported by respondents with a university education, males, the self employed, residents in the largest urban centres, and single parent families. In general, lower ratings tended to be associated with respondents in higher socioeconomic status living in urban areas with the exception of single parent families. Notably, residents in smaller rural areas with populations less than 10,000 were not less satisfied than residents in larger cities.
- The best attitudinal predictor was the perception of banks as heartless or caring. In fact this one variable could account for 70 per cent of the predictive power of the attitudinal variables.
- Combined, the behaviour, attitudinal and sociodemographic variables could account for 18 per cent of the variance in satisfaction ratings. It is likely that this level of explanation could have been higher depending on the time frame used to collect the experiences of the respondents. While respondents were asked about encountering a serious problem in the past year, the qualitative research suggested that respondents often harboured negative views about financial institutions many years after the experience.

- In addition to satisfaction with their last contact with a financial institution, respondents were asked to rate their overall satisfaction and their satisfaction with fees and the range of services. While Canadians report high levels of general satisfaction, they are far more dissatisfied with service fees. As shown in Exhibit 4.2, there were roughly the same number of Canadians who were dissatisfied with service fees (42 per cent) as were satisfied (40 per cent). By contrast, Canadians were far more likely to express satisfaction when it came to the range and quality of products (70 per cent) and the overall level and quality of services (74 per cent).



- The multivariate regression models revealed the same variables that were important predictors of satisfaction with the last contact were also significant for these broader satisfaction measures. Respondents with a university education, those living in the largest urban centres and self-employed had lower satisfaction levels as did individuals who had a serious problem, used more than one financial institution, and perceived that they have experienced tied selling and were required to wait for cheques to clear. Somewhat surprisingly, having been turned down for a loan or a mortgage was not as strong a factor in explaining levels of dissatisfaction in these broader measures. It was also interesting to note that use of credit cards and a bank or debit card was correlated with lower satisfaction with fees but was not correlated with overall satisfaction or satisfaction with the range of products and services.
- In terms of the past year, close to one in ten (9 per cent) indicated that they have had a serious problem with the financial institution (Exhibit 4.3). For the most part, problems typically involved mistakes, unhelpful or rude staff, unacceptable delays, an application being turned down and with service, fees and costs. There were no strong sociodemographic correlates for

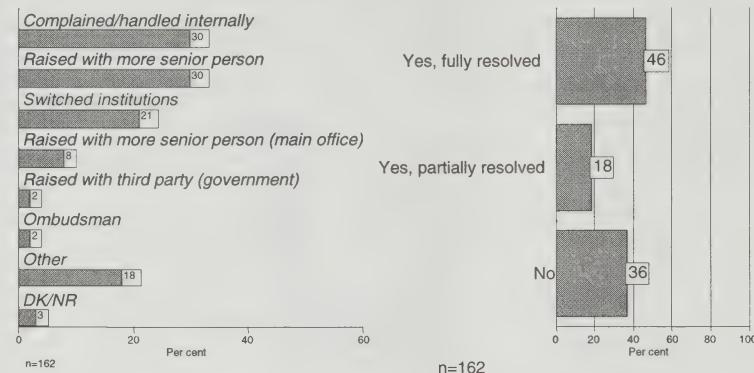
encountering a serious problem, indicating that Canadians from all socioeconomic strata are equally likely to encounter problems.



- More importantly, the majority of respondents felt that their problems had only been partially resolved (18 per cent) or not resolved at all (36 per cent). Only 46 per cent indicated that their problem had been fully resolved (Exhibit 4.4). Respondents had dealt with their problems by either complaining/handling it internally, raising it with a more senior person (including the main office), and switching institutions.

EXHIBIT 4.4
Problems with Financial Institutions (II)

"What did you do about your problem or complaint?" "Was your complaint or problem resolved?"

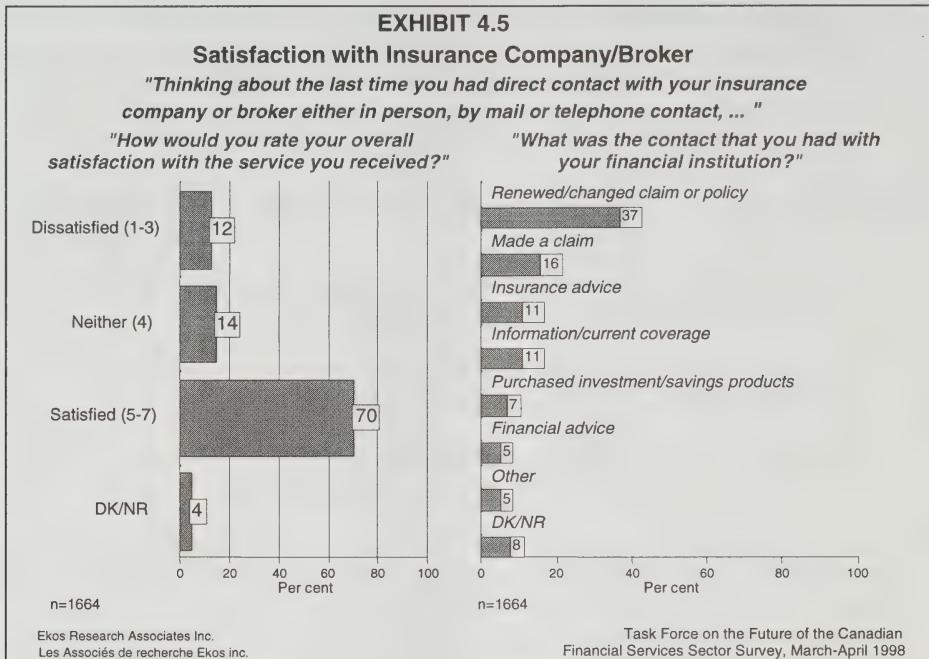


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- Ombudsmen were rarely used in trying to resolve problems. This largely reflects that many Canadians indicated that they were not aware of ombudsmen, (62 per cent). Only 19 per cent were very aware of the ombudsmen. Low-income groups, younger Canadians, and students were the most likely not to be aware of them.
- In the focus groups and triads, many participants expressed mixed levels of satisfaction with their financial institutions.
 - While a few individuals had no complaints, many anecdotes were recounted about errors, mix-ups and poor service. These mixed levels of satisfaction expressed were entirely centred on issues of service quality, and rarely were related to a specific financial product (e.g., better rates of return or more flexible policies elsewhere).
 - A number of participants recounted feeling as though they were mere faceless account numbers to their institutions, and others talked about access to old-fashioned, personalized full-service teller banking.
 - On the opposite side of this issue, some participants reported being highly satisfied with services as they felt that someone had been assigned to them. These participants tended to equate service quality with the staff and management of particular branches, not the institutions per se. Many saw their manager as representing continuity and stability in the services they receive, and seemed particularly appreciated by women. Some reported changing branches in order to follow competent managers and staff.

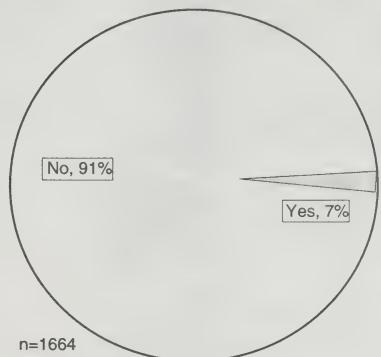
- Participants in the groups were of two minds about whether their satisfaction had increased or decreased over the last decade. On the one hand, there is fairly universal appreciation for the convenience afforded by banking machines. On the other hand, respondents felt that banks had become more and more impersonal, and that customers were being pushed away from personalized services and toward the use of banking machines.
- Service fees were an omnipresent issue in every group and triad. Several themes recurred in these discussions.
 - There is a widespread perception of injustice and greed in that banks have continued to implement service fees while making record profits.
 - Many participants seemed angry with the growing realization of how little the average customer is worth in the enormous revenues of financial institutions.
 - It is difficult for the average consumer to understand what fees are charged for which services, and to make adequate comparisons among institutions.
- Levels of satisfaction with Canadians' last direct contact with their insurance company or broker were similar to financial institutions. A healthy majority (70 per cent) reported they were satisfied, and only 12 per cent were dissatisfied. Another 12 per cent said neither (Exhibit 4.5). Few differences were observed in satisfaction levels between transactions relating to life insurance and those relating to property and casualty. Contact with insurance companies and brokers typically related to renewing/changing policies, making a claim, seeking information or advice, and purchasing investment products.
 - Levels of satisfaction were similar across most transactions except that they were lower when it came to making claims.
 - Levels of satisfaction were also similar across most groups, although they were slightly higher among older Canadians.



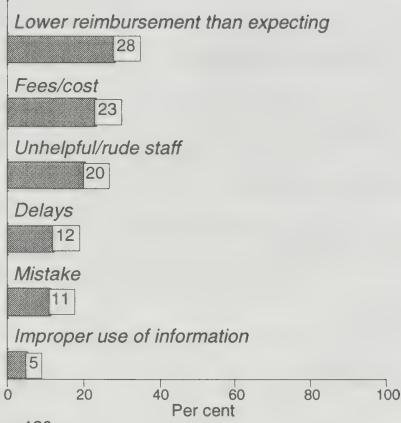
- In terms of the past year, 7 per cent of Canadians with insurance reported that they have had a serious problem with dealings with their company or broker (Exhibit 4.6). Problems typically involved lower reimbursements than individuals were expecting, fees/cost, unhelpful or rude staff, delays and mistakes.

EXHIBIT 4.6
Problems with Insurance Company/Broker (I)

"In the past year, have you ever had a serious problem with your insurance company or broker?"



"What type of problem was it?"



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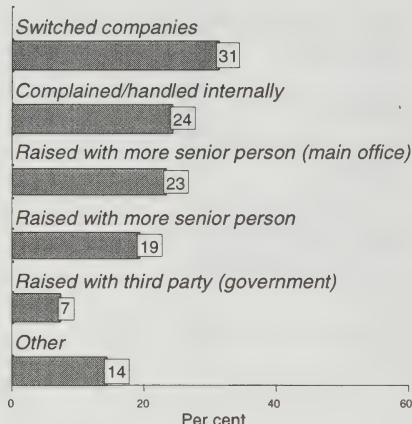
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- While slightly fewer Canadians had experienced a serious problem with their insurance company or broker in the past year compared to financial institutions, they were even more unlikely to have their problem fully resolved (Exhibit 4.7). Two in three felt that their problems had only been partially resolved (16 per cent) or not resolved at all (50 per cent) by their insurance company or broker. Only 30 per cent indicated that their problem had been fully resolved. Similar to problems reported in financial institutions, respondents dealt with their problems by either complaining/handling it internally, raising it with a more senior person (including the main office), and switching institutions.

EXHIBIT 4.7

Problems with Insurance Company/Broker (II)

"What did you do about your problem or complaint?" "Was your complaint or problem resolved?"



n=119

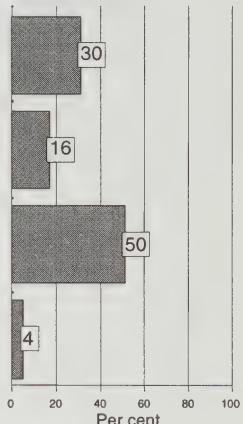
Yes, fully resolved

No

DK/NR

n=119

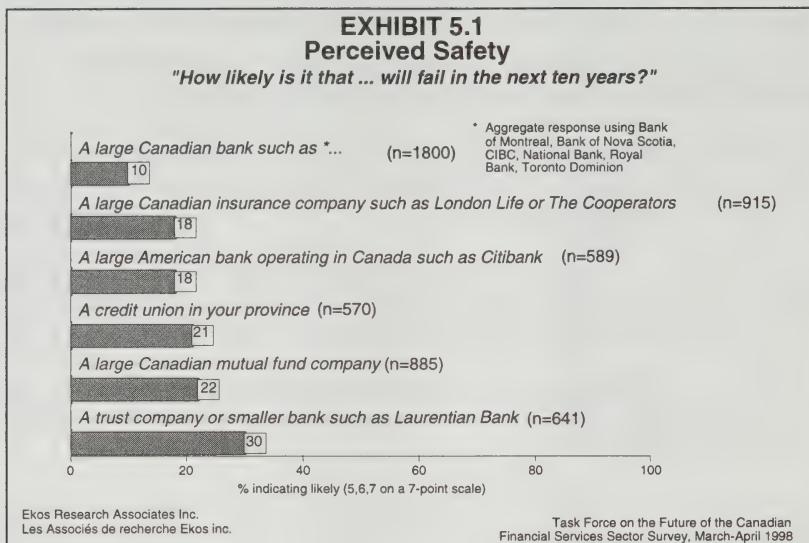
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5. Trust and Confidence in the Financial Services Sector

Perceived Safety of the Financial Services Sector

- Given the overall health of the Canadian financial services sector and the small number of institutions that have failed in the past number of years, it is not surprising that most Canadians tend to see the sector as generally strong.
- For many Canadians, overall confidence in the banking sector is on the rise. One in two (49 per cent) agree that they have more confidence in the sector compared to ten years ago. Only one in four (23 per cent) disagree, and another 25 per cent said neither.
 - While there are few differences along gender and generational lines, the highest levels of confidence are expressed by lower socioeconomic status groups, smaller rural/urban areas, and in Atlantic Canada.
 - Lower levels of confidence are expressed by self-employed, upper socioeconomic status groups, in the largest urban areas and in Ontario.
- That being said, there are sharp variations in perceptions about the safety of different institutions within the sector (Exhibit 5.1).
 - Generally speaking, Canadians have the most confidence in the large chartered banks, and few believe that it is likely any one of these banks will fail in the next ten years.
 - While still a relatively small number, Canadians are slightly more likely to believe that there is a greater risk of failure of other types of institutions such as insurance companies, large American banks operating in Canada, credit unions, and mutual fund companies.
 - Perhaps reflecting that some Canadians remember failures in the last decade, trust companies and smaller banks are perceived as being at the most risk of failure.

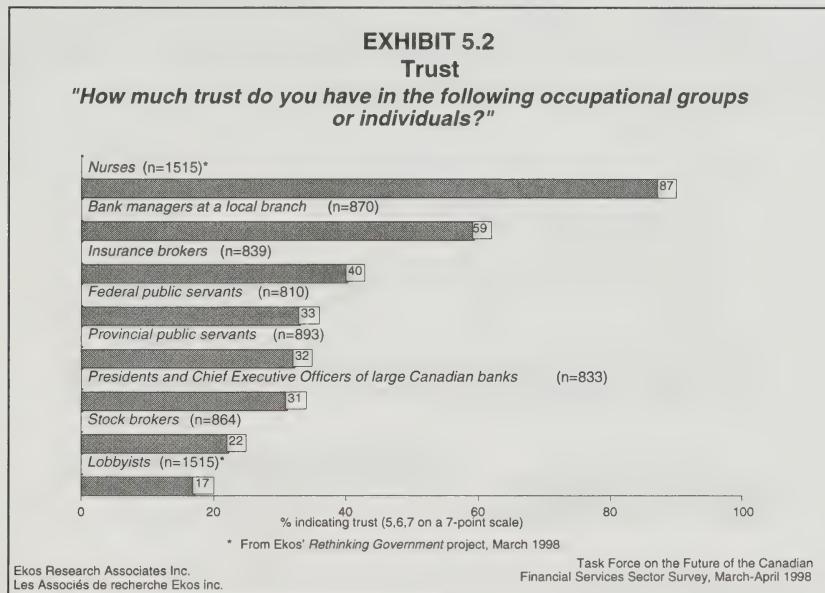


- The greatest differences in perceived risk among the different types of institutions are along geographic lines. Respondents in Ontario and Western Canada tend to associate greater risks across most types of institutions. In contrast, Quebec respondents are the least likely to perceive risk across these institutions.
- When it comes to government involvement, most Canadians indicate that they are not that familiar with its role in overseeing the financial sector (54 per cent). Only 16 per cent said that they are familiar with governments' roles, and 29 per cent said that they are somewhat familiar.
- Despite relatively low familiarity with the role of governments in the sector, there is a slight lean towards too little government involvement. While one in four (23 per cent) said that there is too much involvement, 35 per cent said that there is too little involvement. Another 24 per cent said that the level of government involvement is about right.

Trust and Confidence

- In order to put occupations in the financial services sector in a broader context, perceived levels of trust were compared to a few other occupational groups, including nurses, and lobbyists.

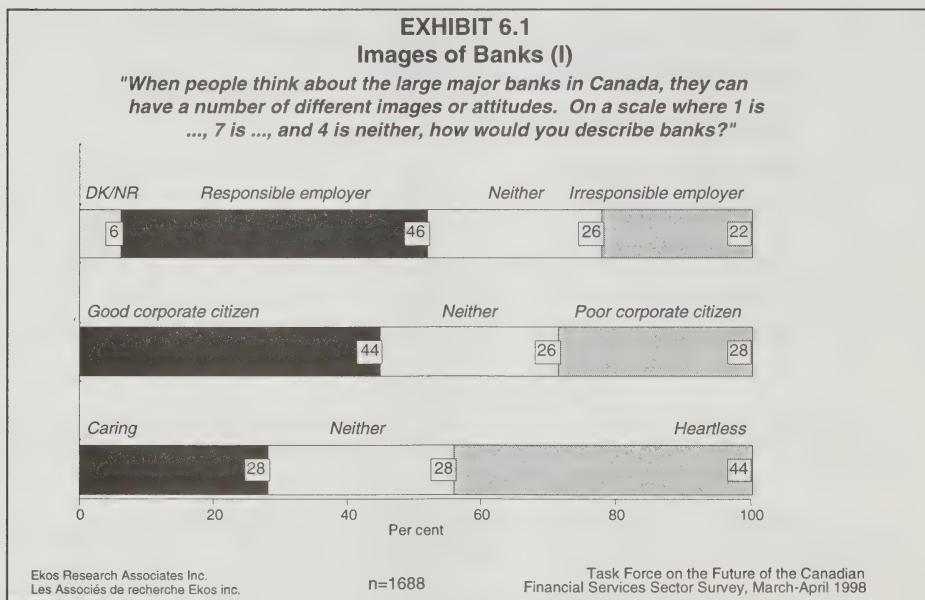
- While occupations such as nurses rate at or near the top and enjoy overwhelming levels of trust, it is also clear that trust in bankers and insurance brokers is not that low. By comparison, trust in both is well above the levels observed for occupations such as lobbyists which typically rate at or near the bottom (Exhibit 5.2).



- In fact, Presidents and Chief Executive Officers of the large Canadian banks enjoy similar levels of trust to that of federal and provincial public servants.
- It is clear, however, that there are significant differences between banks at the national and local level. Local bank managers enjoy the highest level of trust in the occupations within the financial services sector that were tested.
- Insurance brokers also enjoy relatively strong trust, and rank ahead of federal and provincial public sectors.

6. Canadians and Banks

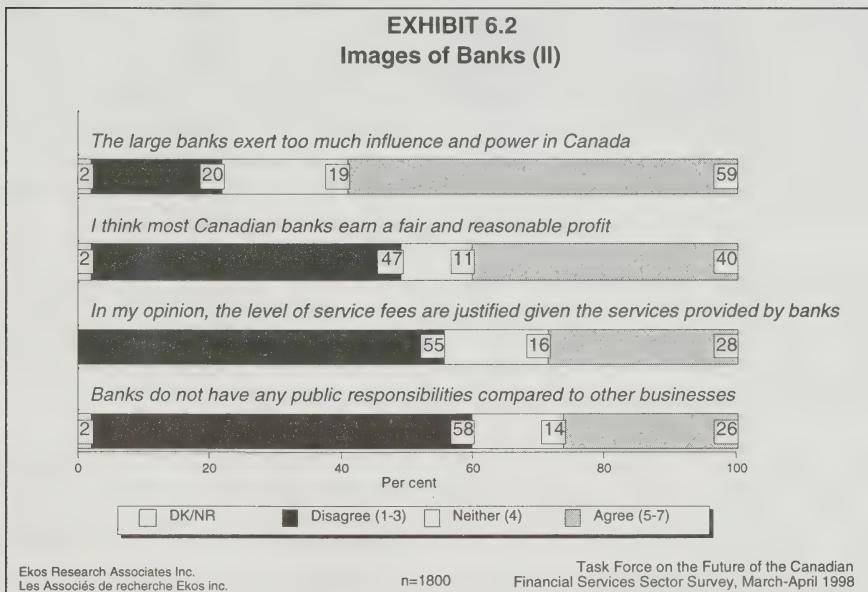
- In order to better understand the public's attitudes towards financial institutions and banks in particular, respondents were asked a number of questions relating to their images and perceptions of banks.
- Respondents had positive views of banks as responsible employers (46 per cent) and good corporate citizens (44 per cent) (Exhibit 6.1). In other areas, the perceptions of banks were decidedly negative with 44 per cent viewing banks as heartless compared to 28 per cent rating banks as caring.



- Respondents with the most negative views of banks tended to be university educated, male and single family parents. The experiences and behaviour were also good predictors of viewing banks as heartless, including being required to wait for cheques to clear, using multiple financial institutions, had a serious problem at their primary financial institution, and the perception of tied selling.

- Respondents were also asked a series of questions designed to measure some of the underlying reasons for the images of the banks (Exhibit 6.2). Generally, individuals perceive banks as having too much influence and power in Canada (59 per cent), and that banks have more public responsibilities than other businesses (58 per cent). Most respondents also do not believe the level of service fees is justified given the services provided. Respondents were more split on the issue of whether banks earn a fair and reasonable profit. Approximately 47 per cent of the respondents disagreed bank profits were fair and reasonable and 40 per cent agreed.

EXHIBIT 6.2
Images of Banks (II)

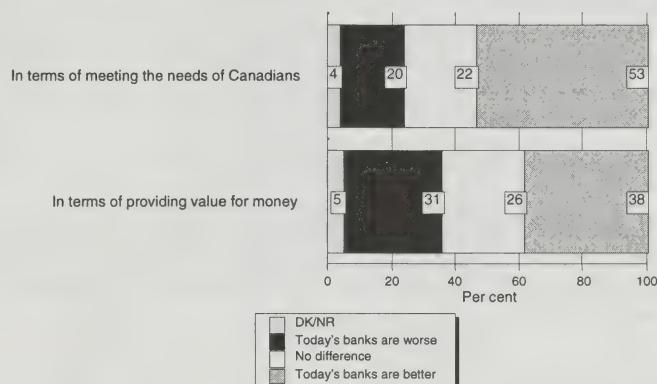


- There was a substantial amount of variability in the predictors of these perceptions or images of banks. Respondents who tended to disagree that service fees are justified given the level of service provided tend to be the same types of individuals who were less satisfied with services: university educated, self-employed, used the Internet, perceived tied selling, had a serious problem in the past year, used multiple financial institutions, and were required to wait for cheques to clear.

- There were very few predictors of the extent to which respondents felt banks exert too much influence and power in Canada. The only significant sociodemographic predictors were that self-employed were more likely to view banks as too powerful and respondents in the upper income range were less likely to view banks as too powerful. Only the perception of tied selling and being required to wait for cheques entered as significant predictors, both variables increasing the likelihood of perceiving banks as being too powerful.
- Quebecers were far less likely to agree that banks earn a fair and reasonable profit, in fact their ratings were a full point lower on the seven point rating scale. Individuals who were university educated, used the Internet and were renters were also lower on this rating scale. Using experience as predictors, the best predictor of the rating of banks 'earning a fair and reasonable profit' was whether the respondent had a loan application turned down. This was one of the few attitudinal measures where a loan rejection was a significant predictor and the only one where it was among the best predictor tested. Other experience or behaviour variables that were significant predictors of disagreement that banks earn a fair and reasonable profit included purchased a GIC, have a mortgage and were required to wait for a cheque to clear.
- Examining how well these variables predicted the perception of banks as heartless versus caring, the best predictor was the extent to which respondents felt service fees were justified, the next important variable was the perception of banks having too much power and influence. The perception of banks earning a fair and reasonable profit was a substantially less important predictor of the perception of banks as heartless.
- From the perspective of service levels, respondents indicated that the expansion of banks into investment activities was positive (Exhibit 6.3). Fifty-three per cent of the respondents rated the banks' performance in terms of meeting the needs of Canadians as better today than ten years ago compared to 20 per cent who indicated performance was worse. Respondents were less convinced this expansion into investment activities provided value for money, 38 per cent indicate the banks provided better value for money than ten years ago while 31 per cent rated the performance as worse. The correlates of these performance ratings were very similar to those for overall satisfaction levels (e.g. lower ratings for self-employed, university educated, larger urban centres, had a serious problem with their financial institution in the past year, required to wait for a cheque to clear, used multiple institutions, and the perception of tied selling).

EXHIBIT 6.3 New Activities of Banks

"Thinking about this expansion into investment activities, how would you compare banks today to banks of ten years ago in the following areas?"



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n=1778

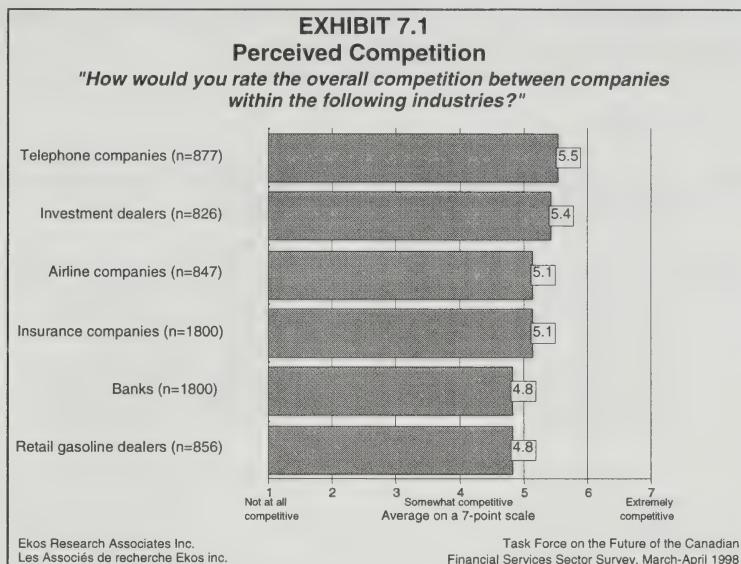
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7. Competition, Mergers and Canadian Control

- The issues of competition, mergers, and Canadian control are all closely interrelated. While the findings are summarized separately, it is evident that most Canadians make strong linkages between them. Attitudes about the level of competition, for example, shape attitudes towards mergers. Likewise, attitudes on mergers are shaped by attitudes on Canadian control of the financial services sector.

Perceptions of Level of Competition

- For the most part, the current level of competition in the banking and insurance sectors is seen as adequate by most Canadians. This view is reinforced by the findings that a large number of Canadians deal with multiple institutions, a fact that suggests that most individuals act as if the marketplace reveals competition.
- While the level of competition in the banking sector is rated as at least somewhat competitive, it nonetheless finished at the bottom of the list of industries examined. In contrast, insurance companies are ahead of banks and tied with airline companies in the perceived level of competition in their respective sectors. Both banks and insurance companies trail telephone companies which are rated as the most competitive among the different industries (Exhibit 7.1).
 - Women tended to perceive the level of competition as healthier across all industries, including banks and insurance companies.
 - Middle aged and older Canadians tended to see the level of competition between banks and between insurance companies as slightly less healthy, although only a few of the differences are statistically significant.
 - Likewise, higher income households are slightly more likely to view banks and insurance companies as competitive, although only a few of the differences are statistically significant again.
 - On a regional basis, the level of competition between banks is rated the highest in Atlantic Canada and lowest in British Columbia. With respect to insurance companies, respondents in Quebec, Atlantic Canada are likely to rate the level of competition as higher. Respondents in British Columbia are the least likely.



- The qualitative research reinforced the notion that competition in the sector is somewhat healthy, although participants at times would contradict themselves. Many would agree that the amount of competition in the sector is healthy and subsequently talk about their concern regarding "monopolies". It was apparent that the state of competition in the sector is seen as fragile, particularly in light of the sector's increased focus on mergers. Concerns expressed by participants largely focus around the level of competition in the future.
- Opinion in the focus groups and triads was generally divided on the level of competition in the financial services sector. For the most part, perceptions appeared to be influenced by two sources: personal experiences and advertising.
 - Most participants perceived that there is significant competition in the insurance industry, a view based almost entirely on personal experience in shopping around for rates.
 - Participants also felt that there is a lot of competition amongst brokerage firms, and, throughout the sector, with respect to investment products. This view appeared to be based on what a few termed the "advertising blitz" and the wide range of products and services on the market. As one participant said, "Everybody wants your money. And everybody is selling RRSPs", but went on to say that is harder to make choices.
 - Participants are less certain about the competition between financial institutions and particularly between banks. Some participants interpreted the fact that posted services charges and interest rates are essentially the same across institutions as indicative of competition. Conversely, others saw this as a sign of collusion. Still other participants noted that getting a good deal from a financial institution is a matter of negotiation. As one

participant said, "I go to other banks and see what the best rate is, then I go to the bank that I've dealt with for years and they always beat the rate."

Alternatives to Banks

- Despite differences in perceived security of various types of financial institutions, most Canadians consider that there are alternatives to the large banks.
- The overwhelming majority of Canadians see credit unions, and smaller banks and trust companies as viable alternatives for individuals who are not satisfied with the large banks (71 per cent and 75 per cent respectively). Only one in ten do not believe that these institutions are viable alternatives. On the other hand, far fewer Canadians share the same view towards insurance companies (32 per cent see them as a viable alternative to the large banks if they were to expand into basic banking activities compared to 47 per cent who do not (Exhibit 7.2).
 - Credit unions are most likely to be seen as a viable alternative by respondents in British Columbia (84 per cent) and the Prairies (77 per cent), and Canadians 65 and over (80 per cent). They are seen as a less viable alternative among younger Canadians (64 per cent), those in low income households (60 per cent), and respondents in Quebec (56 per cent).
 - Smaller banks and trust companies are again more likely to be seen as a viable alternative in British Columbia (83 per cent) and the Prairies (82 per cent), but less so in Quebec (67 per cent).
 - While all groups are more likely not to see insurance companies as a viable alternative to large banks, it is higher among males (37 per cent), Canadians under 45 (34 to 36 per cent), and those in low income households (38 per cent).

EXHIBIT 7.2

Alternatives to Banks

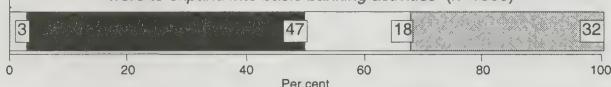
Smaller banks and trust companies are a viable alternative for Canadians who are not happy with large banks (n=874)



Credit unions are a viable alternative for Canadians who are not happy with large banks (n=904)



Insurance companies could be a viable alternative to the large banks if they were to expand into basic banking activities (n=1800)



DK/NR Disagree (1-3) Neither (4) Agree (5-7)

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Mergers

- In order to examine the public's attitudes towards mergers between large banks, a number of different lines of questions were asked.
- The first line of questioning probed the level of agreement and disagreement with the main arguments typically made for and against mergers.
 - Arguments in support of mergers included: large Canadian banks will be better able to compete globally; Canadian businesses around the world will be better served; mergers will ensure our financial institutions will be under Canadian control in the future; the price for bank services would drop because of efficiencies; and the Canadian banking sector would be strengthened.
 - Arguments against mergers included: there will be significant job losses; there will be a significant number of branch closures; Canadians will get much less personal service; allowing large banks to merge will lead to two or three financial institutions having too much power; and small businesses would have more difficulty accessing loans.

- As shown in Exhibits 7.3a and 7.3b, there are strong divisions in perceptions towards the arguments that are made for and against allowing mergers between large Canadian banks. Overall, respondents were most likely to believe that there will be significant job losses if two large banks are allowed to merge, and least likely to believe that prices will drop.
- Respondents were then asked about how important different factors (based on the arguments for and against) are in considering whether or not to approve any mergers between large Canadian banks.
- As shown in Exhibit 7.4, respondents are likely to believe that most factors should be given consideration in arriving at a final decision. While job losses are rated as the most important consideration, lower prices are rated at the bottom.
- In the debate around mergers, the proposition is put forward that Canadian banks need to get larger in order to be able to compete both globally and increasingly against foreign banks operating in the domestic market. Within this context, attitudes were probed in regards to the trade off between allowing banks to get larger and the argument that banks are already too large and powerful.
- For the most part, Canadians are roughly equally divided in their responses (Exhibit 7.5). Typically speaking, younger Canadians and respondents in Quebec are more likely to believe that Canadian banks need to get larger and more international. By contrast, older Canadians and those respondents in British Columbia are more likely to believe that banks are already too large.

EXHIBIT 7.3a Mergers

"How much do you agree or disagree with the following arguments for and against mergers?"

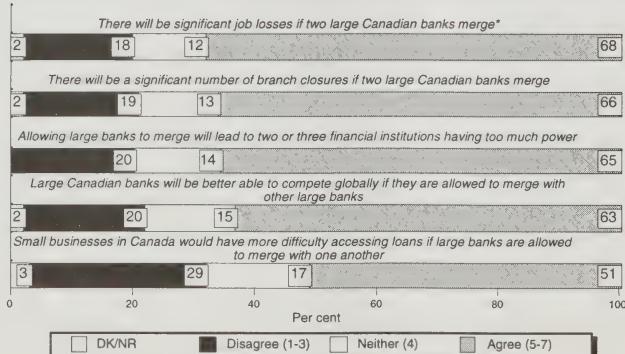
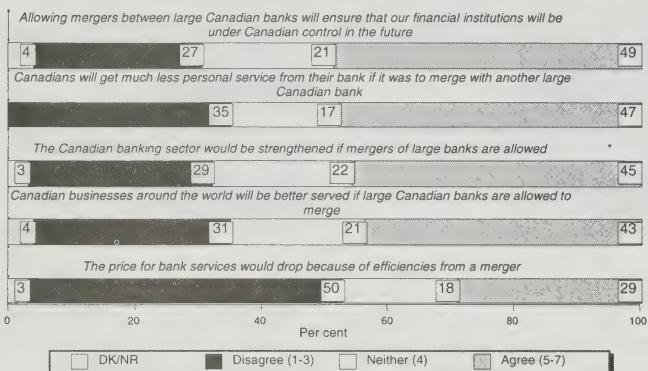


EXHIBIT 7.3b Mergers

"How much do you agree or disagree with the following arguments for and against mergers?"



Ekos Research Associates Inc.
Les Associés de recherche Ekos inc.

n=1778; *n=1079

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EXHIBIT 7.4 Consideration of Mergers

"How important are the following factors in considering whether or not to approve any mergers between large Canadian banks?"

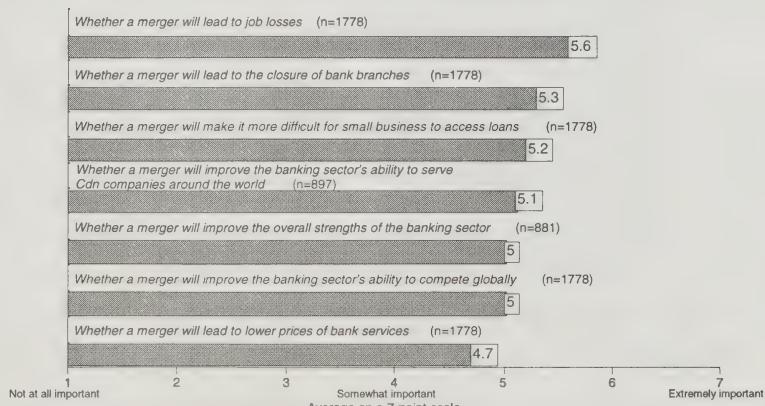
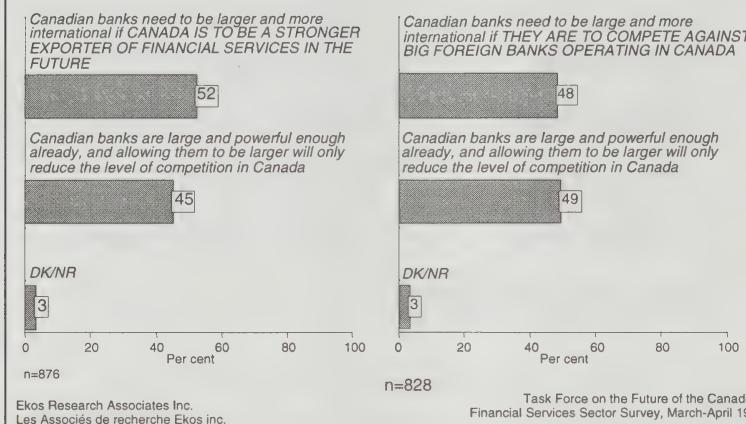


EXHIBIT 7.5
Size of Financial Institutions
"Which statement is closer to your view?"

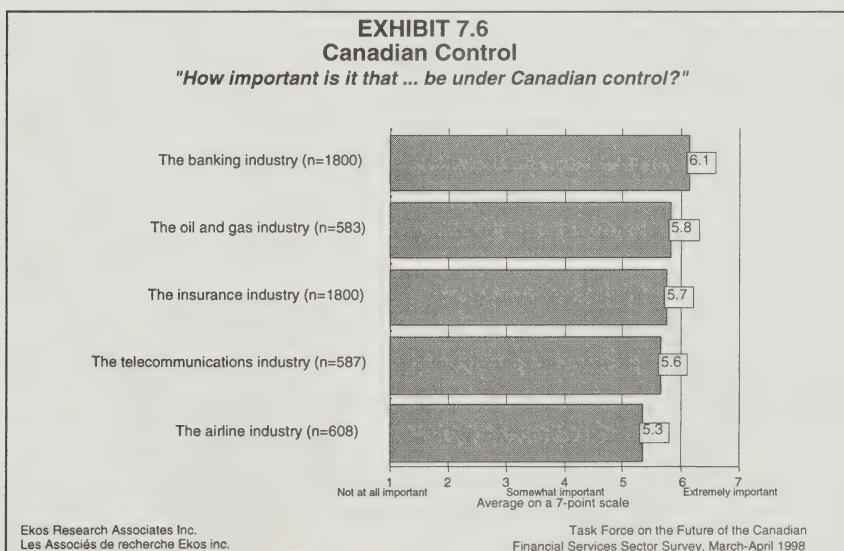


- In the focus groups and triads, overall levels of awareness were high around the proposed merger between the Bank of Montreal and the Royal Bank, and with the recent merger announcements in the U.S.. Most participants felt that mergers are an international trend in the sector and assumed that this strategy was designed to improve the ability of institutions to compete internationally. Still, many were not that familiar with how the increased size could translate into an improved ability to compete globally.
- Discussion on mergers in the focus groups and triads led to a number of findings. First, the most important consideration for participants revolved around how an issue might affect the price they pay for services and products (e.g., service charges, interest rates), as well as their ability to obtain credit (e.g., loan approval). Second, participants saw a direct connection between prices and access on the one hand and competition on the other. Therefore, any trend or potential change that was seen to negatively impact competition was also seen as likely to have a negative impact on individual consumers and small businesses.
- All participants agreed that the financial services sector was very important to the economy, mostly due to the fact that banks and other financial institutions "handle everyone's money".
- Participants felt that the main advantage to allowing Canadian banks to merge would be increased international competitiveness. Few, however, suggested that this would translate into tangible economic benefits at home, although some suggested that the sector would become more "efficient".

- As noted earlier, participants considered issues and options for the future of the sector in light of their potential impacts on consumers (i.e., themselves). From this vantage point, participants saw few up-sides to allowing the banks to merge. Indeed, participants were more likely to voice concern about the possible erosion of competition in the domestic market. As such, some participants suggested that one way to perhaps maintain competition in the sector in the face of mergers is to allow foreign banks greater access to the Canadian market.
- Overall, participants expressed fewer concerns about allowing mergers between insurance companies.

Canadian Control

- Across a wide range of different indicators, Canadian control of the financial services sector was seen as very important for the majority of respondents even if it means not benefitting from lower prices.
- When asked about the importance of Canadian control over a number of different industries, the banking sector ranked at the top of the list, ahead of all other industries tested. Canadian control over the insurance industry also ranked highly (Exhibit 7.6).



- The overwhelming majority of respondents leaned towards Canadian control over banks (82 per cent) even if that may mean slightly higher prices for consumers. Only 16 per cent said that it is more important to have the lowest prices even if it means that our banks are under foreign control. Respondents also leaned strongly towards Canadian control over insurance companies,

although not quite as pronounced. In total, 70 per cent said that it is more important to have domestic control over insurance companies compared to 26 per cent who said that it is more important to have the lowest prices even if the trade off is foreign control.

- Looking toward the future, the overwhelming majority (86 per cent) of Canadians believe that it is important the six Schedule I banks remain under domestic control. Only five per cent said that Canadian control over these banks is not important.
- When asked to choose between different reasons behind why they feel that it is important to ensure Canadian control of the large banks, respondents were likely to say keeping jobs in Canada (29 per cent), banks are a key sector of the economy (25 per cent), and that consumers need to be protected (23 per cent). Another 17 per cent said that they feared governments will lose the ability to regulate the industry.
- More than three in four (79 per cent) respondents also agreed that they would "hate to see some giant U.S. bank come into Canada and squeeze out our traditional banks." Only 14 per cent said that they disagree, and six per cent said neither.
- Similarly, a strong majority (59 per cent) of respondents disagree that they "don't really care if a large U.S. bank enters the Canadian market if it means more competition, lower prices, and better services." Another 30 per cent agree, and 10 per cent said neither.
- In the focus groups and triads, the issue of Canadian ownership was at once more straight-forward and more troubling for participants. Essentially, they viewed the issue through the same lens as the merger question. Generally, participants saw even more potential disadvantages to having foreign ownership of financial institutions for consumers and very few, if any, advantages for consumers, Canada and even the banks.
- One or two participants suggested that Canadian institutions could benefit from the superior entrepreneurship and creative acumen of foreign, particularly American banks. Conversely, most participants had little trouble identifying potential disadvantages to foreign control, including the outflow of profits from Canada, a lower likelihood that decisions would be made with "Canadian interests" in mind, potential unwanted foreign influence on Canadian economic and perhaps even social policy, and a certain loss of Canadian identity. This last point was the main objection of a number of participants, and explained that they reacted to this issue "with their heart rather than their head".
- It seems that for many participants, Canadian banks have become symbols of Canadian identity: "These banks have been around for years. They took my grandparents' money, they are part of our communities." "I don't want to see all the towers in Toronto with American bank logos on them."
- As with the merger issue, participants were somewhat less concerned about the foreign take-over of insurance companies. On the other hand, few could point to any advantages of increased foreign ownership of Canadian insurance companies.

8. Industry Practices

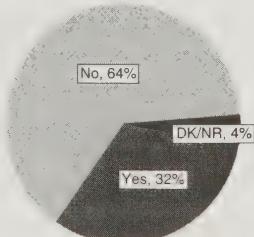
Disclosure

- A strong majority of respondents believe that Canadians are not being told all they need to know about the products/services they are buying from either banks, trust companies and credit unions or insurance companies.
- While 32 per cent of respondents believe that Canadians are being adequately informed by financial institutions, another 64 per cent believe that they are not being adequately informed. Four per cent said that they do not know (Exhibit 8.1).
 - This view was equally shared across generational lines as well as between socioeconomic status groups.
 - Small differences are observed along regional lines. Quebec respondents are a little more likely to believe they are not adequately informed (72 per cent). Respondents in Ontario are less likely to hold this view (61 per cent).
 - Self-employed respondents are the most likely to believe they are inadequately informed (74 per cent). In contrast, respondents who are employed full-time are the least likely to hold this view (60 per cent).

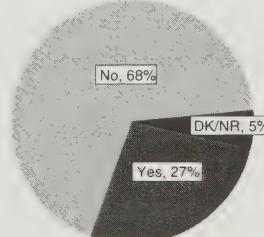
EXHIBIT 8.1 Disclosure

"Do you think that Canadians are being told all they need to know about the term, costs, and risks of different products and services before purchasing them from a ...?"

Bank, Trust Company or
Credit Union



Insurance Company



Ekos Research Associates Inc.
Les Associés de recherche Ekos inc.

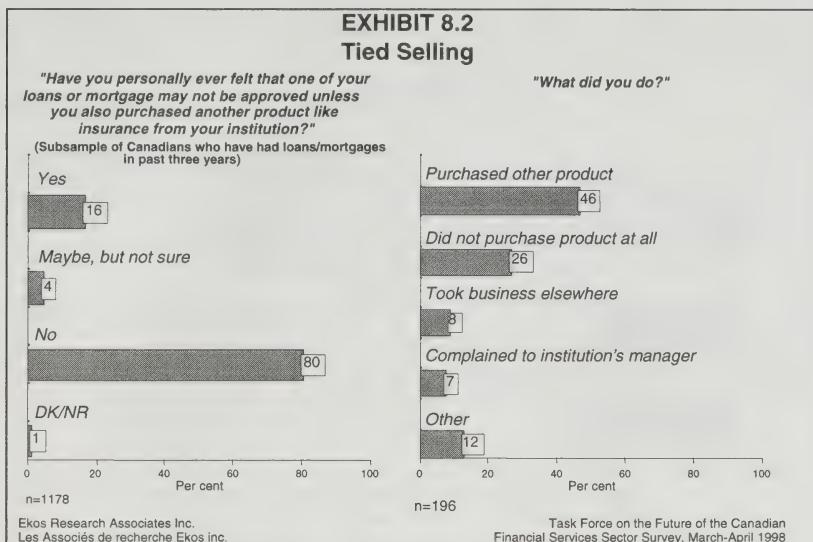
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- Compared to financial institutions, respondents are a little less likely to believe that Canadians are being adequately informed by their insurance company (27 per cent). Another 68 per cent believe that they are not being adequately informed, and five per cent say that they do not know (see Exhibit 8.1).
 - While no differences are observed across income lines, older Canadians are less likely to say that they are inadequately informed (60 per cent), although they are also more likely to say that they do not know.
 - On a regional basis, Quebec respondents are the most likely to believe they are inadequately informed (73 per cent). Respondents in British Columbia are the least likely to hold this view (60 per cent).

Tied Selling

- The survey explored the issue of "tied selling" by asking respondents who have had a loan or mortgage in the past three years whether they have ever felt that one of their loans or mortgage may not be approved unless they also purchased another product like insurance from their institution.
- Among this group of respondents, 16 per cent have the perception that their application may not have been approved unless they purchased another product. Another four per cent believe that this might have been the case, but they were not sure. The overwhelming majority (80 per cent) of these respondents responded that they did not have this perception (Exhibit 8.2).
 - Few statistically significant differences are observed across socioeconomic status groups or along regional lines. Canadians 65 and over are somewhat less likely to hold this perception.
 - The highest levels are reported among self-employed Canadians (26 per cent) and those respondents working part-time (23 per cent).

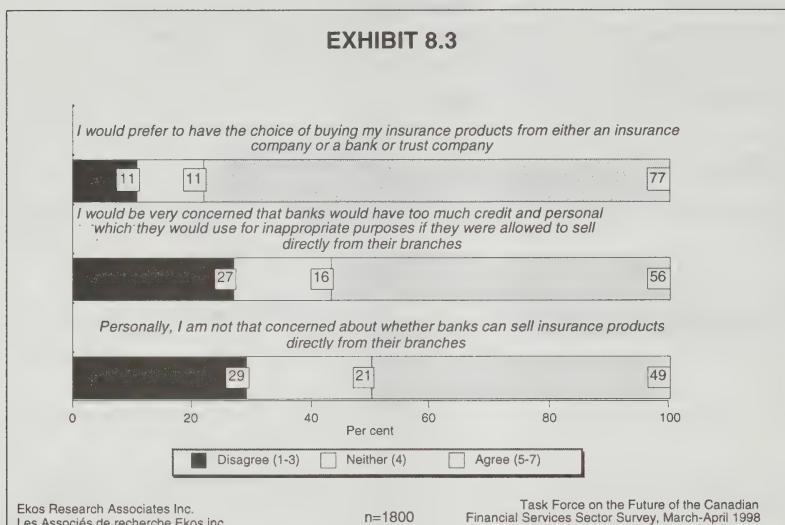


- When asked what they did in response to the tied selling, most respondents said that they purchased the other "tied" product (46 per cent). Other respondents did not purchase the original product (26 per cent), took their business elsewhere (8 per cent), or complained to the institution's manager (7 per cent).
- No instances of tied selling were noted in the focus groups and triads, although there was a recognition that there is a fine line between tied selling and aggressive marketing. Several participants reported that they had not encountered tied selling, but that they had been offered more competitive interest rates on loans or mortgages if they also purchased other services from the institution.
- Even discounting for significant misreporting or exaggeration among the 16 per cent of respondents, there is little doubt that many Canadians think they experienced this practice.

Banks and Insurance

- Three in four (77 per cent) Canadians said that they would prefer to have the choice of buying insurance products from either an insurance company or a bank or trust company (Exhibit 8.3).
- Despite expressing a preference towards having choice, a majority (56 per cent) of Canadians also expressed concern that banks would have too much credit and personal information which they would use for inappropriate purposes if they were allowed to sell insurance from their branches (see Exhibit 8.3).

EXHIBIT 8.3



- Almost one in two (49 per cent) Canadians also agree that they are not personally concerned about whether banks can sell insurance products directly from their branches. Another 29 per cent say that they disagree, and 21 per cent say neither (see Exhibit 8.3).
- In the focus groups and triads, participants tended to have polarized views on whether banks and insurance companies should be given greater freedom to sell a wider variety of financial services and products. It is noteworthy that quite a few participants were aware that the CIBC was selling insurance. Most see the trend towards members of the sector selling each others' products as already under way.
- Those who supported the idea of giving the sector greater freedom (some quite enthusiastically) felt that it would be a boon for consumers because it would immediately increase competition and lead to greater access and lower prices.
- Others were opposed for two main reasons. The most important centred around concern that a short-term increase in competition would eventually give way to a dramatic decrease in competition as the most successful providers would either drive some of their competitors out of business or acquire them. A few participants were opposed mainly because they wanted to deal with insurance "specialists". In a similar vein, a few also worried about the banks' competence in the insurance area and the possibility that aggressive expansion into the business would force them to assume a great deal of risk, which, in a worst case scenario, might negatively affect their banking activities.

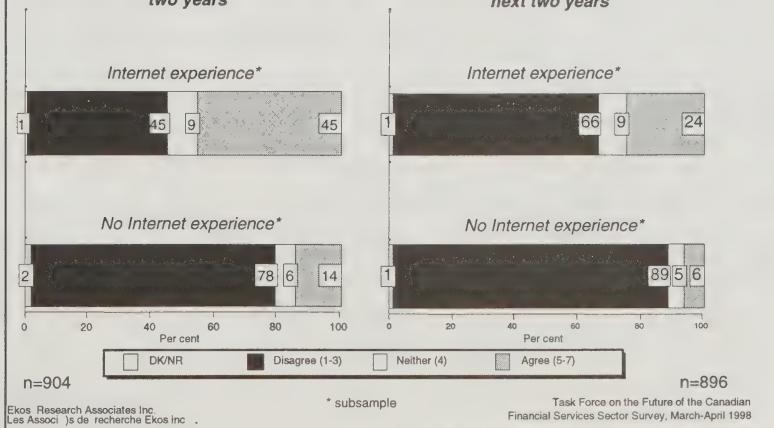
9. Technology and Privacy

Electronic Commerce and the Internet

- As discussed earlier, Canadians are warming to technology and moving away from in-person branch banking for conducting financial transactions, although many still place a strong attachment to "bricks and mortar". For the time being, however, relatively few Canadians are using the Internet for their personal banking needs, although it is not insignificant.
- That being said, there is clear potential for the Internet to grow in popularity. From our research in the area of the information highway, we know that most Canadians have positive images of the information highway/Internet. More importantly, Canadians' level of comfort with and acceptance of the information highway are positively reinforced by usage.
- This latter point is evident when looking at differences in expectations towards the use of the Internet for banking and investing in the future (Exhibit 9.1).
 - Close to half (45 per cent) of Canadians who have used the Internet expect that they will do some of their banking over the Internet within the next two years. This compares to only 14 per cent of Canadians who have yet to use the Internet.
 - Fewer individuals overall expect to make some of their investments over the Internet within the next two years, although it is again significantly higher among those who have previously used the Internet.

EXHIBIT 9.1 Personal Finances and the Internet

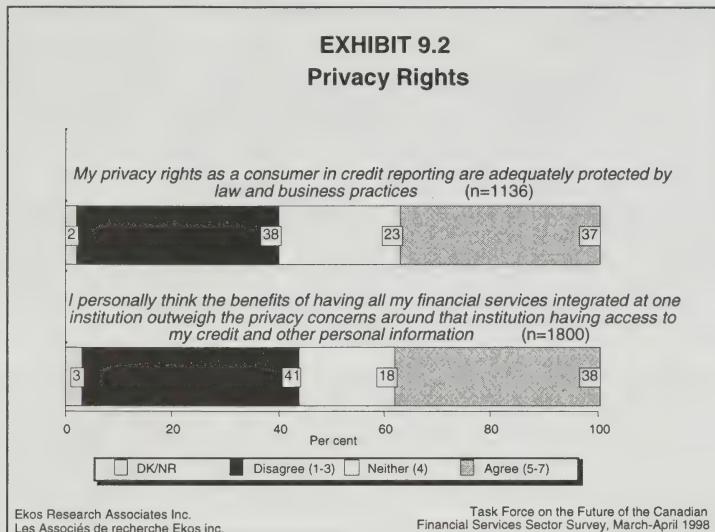
"I expect that I will do SOME OF MY BANKING over the Internet within the next two years" *"I expect that I will make SOME INVESTMENTS over the Internet within the next two years"*



- It is worth remembering that Canadians are increasingly using the Internet. At the time of this study, a strong majority (56 per cent) of respondents indicated that they have used the Internet in the past.
- One of the key stumbling blocks towards wider acceptance of the Internet for electronic commerce in general is the issue of security.
- At this stage, Canadians overwhelming express reluctance to do basic financial transactions such as providing their credit card number over the Internet (87 per cent). In contrast, only 18 per cent said that they would provide their number.
- These overall levels of reluctance have remained relatively constant since our research in the area of the information highway in the fall of 1997. More importantly, all Canadians express this reluctance, including those individuals who are most familiar with the Internet.

Privacy Considerations

- Generally speaking, strong privacy concerns persist for many Canadians, even if it may mean greater inconveniences for them.
- These concerns are not unique to the financial services sector although the issue of privacy of personal credit and financial information is clearly important. When asked about whether the average Canadian suffers any consequences because of "invasions of privacy" from different institutions/sectors such as banks, governments, insurance and telephone companies, few differences were reported.
- Given the choice between financial institutions using personal information and greater conveniences, and stricter privacy rules and less convenience, the overwhelming majority (73 per cent) of respondents chose the latter. Only one in four (26 per cent) said that they would not mind financial institutions using personal information if it meant greater conveniences for them.
 - Middle aged and older Canadians (78 to 80 per cent) are more likely to lean towards stricter privacy rules than their younger counterparts (62 per cent under 30; 73 per cent between 30 and 44).
 - Respondents in Quebec are the least likely to say that there should be stricter privacy rules, although it is still a strong majority (62 per cent).
- Despite a strong lean towards stricter privacy rules, Canadians are evenly split on the adequacy of law and business practices that protect their privacy rights (Exhibit 9.2). An equal number of respondents believe that their privacy rights are adequately protected (37 per cent) as those who do not (38 per cent). Another 23 per cent said neither.



- Likewise, Canadians are also split on the benefits of integrating financial services at one institution and the privacy concerns around that institution having too much power. Close to four in ten (38 per cent) respondents agree that the benefits outweigh the privacy concerns. On the opposite side, 41 per cent disagree that the benefits outweigh the privacy concerns. Another 18 per cent said neither (see Exhibit 9.2).
- In the focus groups and triads, privacy issues were not a strong immediate concern for most participants. This was, in part, because many participants already believe that very little privacy exists concerning personal or financial information.
- After some discussion, however, many participants began to perceive a privacy problem if information on financial and health or personal situations could be combined as might be the case if banks and insurance companies were merged.
 - For example, some concern was expressed that purchase of disability insurance or other insurance indicating health problems could lead the lending part of the institutions to turn down loan or mortgage applications.
 - This is generally not well regarded, and these participants argued that there should be major safeguards to be put in place to ensure that there was no abuse of personal information.

10. Conclusions

In recent years, the financial services sector has increasingly been at the centre of the public's spotlight driven, in part, by the success and profits that many of the institutions in the sector have enjoyed. This research has attempted to step back from these images, and to take a look at how Canadians perceive a wide range of issues relating to the financial services sector, as well as to get a better understanding of their interaction with it. A number of conclusions can be drawn from the research. First, and foremost, however, Canadians' outlooks to the sector are more complicated than might originally be expected. There are certain issues where Canadians express satisfaction, and in some cases, high levels of satisfaction. There are other areas where Canadians are less satisfied, and still others where they express concern.

On the most basic issue of access, it does not appear that there is a serious overriding problem in terms of Canadians' ability to interact with the sector, although some areas of concern exist. The overwhelming majority of Canadians reported having an account with a financial institution, and those without largely reported that the choice is voluntary. While in-person banking is preferred by a minority of Canadians, most individuals still believe that branch access needs to be maintained. On the other hand, cheque cashing/fund holding practices are reported to be inconvenient and problematic for many Canadians.

Lower-income Canadians do not stand out uniquely from other segments of the population, and for the most part, have similar interactions with the sector. Despite being slightly more likely not to have a basic account, the number is still fairly small (but not insignificant) and reported to be largely voluntary. Surprisingly, this group is generally more satisfied with transactions and services they receive from their financial institutions and insurance company/brokers. Compared to other groups, low-income Canadians were also no more likely to report having had a serious problem with their financial institution or insurance company/broker, or to have credit applications turned down. Still, they may be somewhat of a more captive, non-shopping market and deal with fewer institutions (although this is also related to being more satisfied). This group is also more likely to deal with non-financial institutions, as well as being more likely to encounter holding periods on cheques including those from governments which can range from being inconvenient to a serious problem. Finally, lower-income Canadians are somewhat less likely to rate certain elements of basic access to the sector as being mandatory.

The current level of competition in the banking and insurance sectors is seen as adequate by most Canadians although maybe not as much as other industries, and concerns are expressed about the future (particularly given the proposed restructuring in the sector). Canadians' interaction with the sector also suggests the marketplace reveals competition. While many Canadians "bundle" or get many of their other services such as credit cards, and loans/mortgages from their primary institution, there is a strong majority of individuals who deal with multiple institutions. Furthermore, a number of respondents have also switched institutions if they have been dissatisfied with the service they received. Most Canadians also reported that they would prefer the choice of where they purchase insurance, although it is not a priority for most and that many others express concern over privacy issues if banks were permitted to sell insurance directly from their branches.

At the same time, nearly three in four Canadians see credit unions, and smaller banks and trust companies as viable alternatives for individuals who are not satisfied with the large banks. Only one in ten do not believe that these institutions are viable alternatives. On the other hand, far fewer Canadians share the same view towards insurance companies. These attitudes are prevalent despite perceptions these institutions are perceived as being more at risk of failure than the large banks.

Canadians appear to be warming to technology and moving away from traditional in-person branch banking for conducting financial transactions. Reliance on bank/debit cards continues to grow, particularly among the younger generation. There is also clear potential for newer technologies such as telephone and Internet/computer banking to grow in the future. That being said, the movement towards greater reliance on technology generates mixed reactions for some Canadians. On the one hand, technology is seen as leading to a major improvement in service quality and even quality of life, but it is also associated with less personalized service and some people feel pushed into using it. This helps to explain the strong attachment to "bricks and mortar" as few see new technology as a trade off for fewer branches, particularly among older Canadians. Notwithstanding these somewhat contradictory reactions and expectations, it appears that the era of predominantly electronic commerce is not too far in the future, provided that Canadians' strong concerns about security and privacy are resolved.

The overall perception of the negative images of banks may be somewhat overstated. In some areas, there are definite strong negative images. Elsewhere, the images are actually not that bad. And at other times, perceptions are contradictory. When it comes to trust, confidence, performance and satisfaction, Canadians' outlooks are relatively high, particularly compared to other sectors such as government. By contrast, service fees, profits, the perceived power and influence of banks, and the view that banks have public responsibilities that other businesses do not have appear to be at the root of the poor images of banks.

Despite high overall levels of satisfaction with financial institutions and insurance companies/brokers, there are a significant number of unresolved transactional problems. Close to one in ten report having had a serious problem with either their financial institution or their insurance company/broker. Moreover, the current dispute resolution mechanisms are not perceived as being fully adequate – a minority of Canadians who have had a serious problem in the past year indicate that it was fully resolved. Generally speaking, the banking ombudsman has been largely invisible for most Canadians.

One area of concern that emerged from the research is the high reported incidence of tied selling. While the findings should not be interpreted that "tied selling" took place definitely, it is no less important that these individuals hold the perception that they felt that one of their loans may not be approved. It is also important to note that these perceptions cut across all types of financial institutions. Even discounting for a significant misreporting or exaggeration in the public's reporting, there is little doubt that a large number of Canadians believe that they have experienced this practice, including many self-employed Canadians. Closely related, most Canadians also have the perception that financial institutions and insurance companies are not providing adequate information to customers about the nature of the different products and services.

Another area of concern that emerged from the research relates to the findings for self-employed Canadians. Compared to other groups, these respondents were among the most likely to report lower levels of satisfaction and to hold negative images of the sector. Moreover, these respondents were also more likely to have encountered negative experiences such as tied selling or having a serious problem in the past year with either their financial institution or their insurance company. While these findings should not be considered representative of small-businesses, it still suggests that a significant number of self-employed Canadians, many of which are owners of small businesses, have had significant negative transactions with the sector.

In terms of future directions for the sector, the research suggest that there is a strong desire to preserve Canadian control over all parts of the financial services sector, but particularly with respect to banks. This desire leads to a polarized response to the issue of mergers between large banks with the issue of Canadian control as the lynchpin relating to the arguments supporting mergers. Otherwise, most individuals see distinct costs to the merger issue and benefits to the sector itself, but few benefits directly beneficial to consumers.

For the most part, Canadians are ill informed about the role of government in the sector, but they are split on the need for more or less involvement. There is, however, a clear desire for government presence in the sector by most Canadians, and perhaps a strengthening or shifting emphasis in certain areas.

Appendix 1-A

Questionnaire and Survey Marginals

Task Force on the Future of the Canadian Financial Services Sector

March 1998

Hello, my name is, and I work for Ekos Research Associates. We are calling on behalf of the Task Force on the Future of the Canadian Financial Services Sector, an advisory body set up by the federal government. We are conducting a survey to profile attitudes on economic and financial issues. We are NOT trying to convince anyone to purchase anything. We are interested in talking to anyone over the age of 18 and a permanent resident of Canada. May I continue? IF RESPONDENT ASKS, THE QUESTIONNAIRE WILL TAKE ABOUT 20 MINUTES.

INTRO

01	Continue	1
02	No	2

PRE1

In this survey, there will be questions relating to the financial services sector which includes banks, insurance companies, and investment dealers or stock brokers. When we speak of financial institutions, we use the term to refer to banks, trust companies, credit unions, and other types of institutions where Canadians conduct their personal banking.

FAM

How familiar are you with the role of governments in overseeing the financial services sector? Please use a scale from 1 to 7, where 1 means not at all familiar, 7 means extremely familiar, and 4 means somewhat familiar.

		%
01	Not at all familiar	1 27
02	.....	2 12
03	.....	3 15
04	Somewhat familiar	4 29
05	.....	5 10
06	.....	6 4
07	Extremely familiar.....	7 2
08	DK/NR	9 1 $\bar{x}=3.05$ $s=1.63$ $n=1800$

REG

Thinking about the current level of government involvement in the financial services sector, would you say that it is too much or too little involvement? Is that way too little, too little, about right, too much, or way too much.

		<u>%</u>
01	Way too little	1 7
02	Too little	2 28
03	About right	3 24
04	Too much.....	4 19
05	Way too much	5 4
06	DK/NR	9 17
		n=1800

ACC

How would you rate the following financial services or products in terms of ALL CANADIANS having access to them. Please rate each one as being either ESSENTIAL (i.e., all Canadians should be able to have regardless of financial circumstances), IMPORTANT (i.e., important for Canadians to have, but not essential), or DISCRETIONARY (i.e., only if Canadians can afford them).

BASIC

MESSAGE: How would you rate ...?

a basic chequing account

		<u>%</u>
01	Essential	1 53
02	Important.....	2 32
03	Discretionary.....	3 15
04	DK/NR	9 0
		n=1800

CARD

MESSAGE: How would you rate ...?

a bank card

		<u>%</u>
01	Essential	1 41
02	Important.....	2 34
03	Discretionary.....	3 24
04	DK/NR	9 1
		n=924

BILLS

MESSAGE: How would you rate ...?

being able to pay bills through your financial institution such as a telephone bill

		<u>%</u>	
01	Essential	1	36
02	Important	2	40
03	Discretionary	3	23
04	DK/NR	9	1
			n=1800

CASH

MESSAGE: How would you rate ...?

being able to cash a cheque at your financial institution

		<u>%</u>	
01	Essential	1	63
02	Important	2	32
03	Discretionary	3	5
04	DK/NR	9	0
			n=1800

FUND

You said that some of these services should be considered essential. Who should be responsible for ensuring that Canadians who cannot afford them have access to these services?

(ACCEPT ONLY ONE)

READ LIST

		<u>%</u>	
01	Financial institutions	1	29
02	Governments	2	11
03	Shared between financial institutions and government	3	55
04	[DO NOT READ] Other, specify	4	3
05	DK/NR	9	2
			n=1434

IMAGE

When people think about the large major banks in Canada, they can have a number of different images or attitudes. I am going to read you a number of descriptions and ask you to rate which one more closely reflects your images of these banks using a seven point scale.

CARE

On a scale where 1 is caring, 7 is heartless and 4 is neither, how would you describe banks?

		<u>%</u>
01	Caring	1 10
02	.....	2 6
03	.....	3 12
04	Neither	4 28
05	.....	5 16
06	.....	6 11
07	Heartless	7 17
08	DK/NR	9 1 $\bar{x}=4.37$ $s=1.81$ $n=1688$

RESP

On a scale where 1 is a responsible employer, 7 is an irresponsible employer and 4 is neither, how would you describe banks?

		<u>%</u>
01	Responsible employer	1 21
02	.....	2 12
03	.....	3 14
04	Neither	4 26
05	.....	5 10
06	.....	6 5
07	Irresponsible employer	7 8
08	DK/NR	9 6 $\bar{x}=3.39$ $s=1.82$ $n=1688$

CCIT

On a scale where 1 is a good corporate citizen, 7 is a poor corporate citizen and 4 is neither, how would you describe banks?

		<u>%</u>
01	Good corporate citizens	1 20
02	.....	2 10
03	.....	3 14
04	Neither	4 26
05	.....	5 11
06	.....	6 6
07	Poor corporate citizens	7 10
08	DK/NR	9 2 $\bar{x}=3.61$ $s=1.88$ $n=1688$

PRE

Some large Canadian companies are highly competitive with each other within certain industries. Other industries have less competition. How would you rate the overall level of competition BETWEEN companies within the following industries. Please use a scale from 1 to 7, where 1 is not at all competitive, 7 is extremely competitive, and 4 is somewhat competitive.

COM1-1

MESSAGE: How would you rate the overall competition between ... telephone companies

		<u>%</u>	
01	Not at all competitive	1	6
02	.....	2	4
03	.....	3	3
04	Somewhat competitive	4	13
05	.....	5	12
06	.....	6	21
07	Extremely competitive	7	39
08	DK/NR	9	2
			<u>x=5.45</u>
			<u>s=1.78</u>
			<u>n=877</u>

COM1-2

MESSAGE: How would you rate the overall competition between ... investment dealers (i.e., stock brokers)

		<u>%</u>	
01	Not at all competitive	1	3
02	.....	2	2
03	.....	3	3
04	Somewhat competitive	4	19
05	.....	5	14
06	.....	6	17
07	Extremely competitive	7	28
08	DK/NR	9	14
			<u>x=5.35</u>
			<u>s=1.58</u>
			<u>n=826</u>

COM2

MESSAGE: How would you rate the overall competition between ...

banks

		<u>%</u>
01	Not at all competitive	1
02	.....	2
03	.....	3
04	Somewhat competitive	4
05	.....	5
06	.....	6
07	Extremely competitive	7
08	DK/NR	9

$\bar{x}=4.76$
 $s=1.85$
 $n=1800$

COM3

MESSAGE: How would you rate the overall competition between ...

insurance companies

		<u>%</u>
01	Not at all competitive	1
02	.....	2
03	.....	3
04	Somewhat competitive	4
05	.....	5
06	.....	6
07	Extremely competitive	7
08	DK/NR	9

$\bar{x}=5.10$
 $s=1.72$
 $n=1800$

LOM5-1

MESSAGE: How would you rate the overall competition between ...

retail gasoline dealers

		<u>%</u>
01	Not at all competitive	1
02	.....	2
03	.....	3
04	Somewhat competitive	4
05	.....	5
06	.....	6
07	Extremely competitive	7
08	DK/NR	9

$\bar{x}=4.81$
 $s=2.10$
 $n=856$

LOM5-2

*MESSAGE: How would you rate the overall competition between ...
airline companies*

		<u>%</u>
01	Not at all competitive	1 5
02	.....	2 4
03	.....	3 5
04	Somewhat competitive	4 18
05	.....	5 14
06	.....	6 21
07	Extremely competitive	7 26
08	DK/NR	9 8

$\bar{x}=5.14$
 $s=1.73$
 $n=847$

FAIL

When you think about financial institutions in Canada, how likely do you think that there could be a failure with the following types of institutions in the next ten years? Please use a scale from 1 to 7, where 1 means not at all likely, 7 means extremely likely, and 4 means somewhat likely.

01	Royal Bank	1
02	Bank of Nova Scotia.....	2
03	Bank of Montreal.....	3
04	CIBC.....	4
05	Toronto Dominion.....	5
06	National Bank.....	6

FAIL1

*MESSAGE: How likely is it that ... will fail in the next ten years
a large Canadian bank such as <ROT3>*

		<u>%</u>
01	Not at all likely.....	1 49
02	.....	2 18
03	.....	3 7
04	Somewhat likely	4 14
05	.....	5 6
06	.....	6 2
07	Extremely likely.....	7 2
08	DK/NR	9 2

$\bar{x}=2.21$
 $s=1.57$
 $n=1800$

FAIL2-1

MESSAGE: How likely is it that ... will fail in the next ten years
 a credit union in your province

		<u>%</u>
01	Not at all likely.....	1 25
02	.....	2 14
03	.....	3 13
04	Somewhat likely	4 22
05	.....	5 69
06	.....	6 6
07	Extremely likely.....	7 6
08	DK/NR.....	9 5

$\bar{x}=3.21$
 $s=1.84$
 $n=570$

FAIL2-2

MESSAGE: How likely is it that ... will fail in the next ten years
 a trust company or smaller Canadian bank such as Laurentian Bank

		<u>%</u>
01	Not at all likely.....	1 9
02	.....	2 12
03	.....	3 13
04	Somewhat likely	4 33
05	.....	5 14
06	.....	6 9
07	Extremely likely.....	7 7
08	DK/NR.....	9 4

$\bar{x}=3.90$
 $s=1.62$
 $n=641$

FAIL2-3

MESSAGE: How likely is it that ... will fail in the next ten years
 a large American bank operating in Canada such as Citibank

		<u>%</u>
01	Not at all likely.....	1 25
02	.....	2 16
03	.....	3 13
04	Somewhat likely	4 22
05	.....	5 8
06	.....	6 6
07	Extremely likely.....	7 4
08	DK/NR.....	9 7

$\bar{x}=3.05$
 $s=1.74$
 $n=589$

FAIL3-1

MESSAGE: How likely is it that ... will fail in the next ten years

a large Canadian insurance company such as London Life or the Co-operators

		<u>%</u>
01	Not at all likely.....	1 28
02	.....	2 22
03	.....	3 14
04	Somewhat likely	4 17
05	.....	5 8
06	.....	6 6
07	Extremely likely.....	7 4
08	DK/NR	9 2
		$\bar{x}=2.90$ $s=1.76$ $n=915$

FAIL3-2

MESSAGE: How likely is it that ... will fail in the next ten years

a large Canadian mutual fund company

		<u>%</u>
01	Not at all likely.....	1 17
02	.....	2 16
03	.....	3 16
04	Somewhat likely	4 24
05	.....	5 11
06	.....	6 5
07	Extremely likely.....	7 6
08	DK/NR	9 6
		$\bar{x}=3.35$ $s=1.72$ $n=885$

BNK

Do you currently have a savings, chequing or another type of account with a financial institution?

(Note to interviewers: include accounts with banks, credit unions, trust companies, etc.)

		<u>%</u>
01	Yes	1 98
02	No	2 2
03	DK/NR	9 0

$n=1800$

NOBNK

What is the main reason you do not have an account at a financial institution?
(DO NOT PROMPT)

		<u>%</u>
01	Do not need one.....	1 34
02	Do not want one/dislike banks	2 20
03	Difficulties getting one	3 0
04	Other, specify	4 25
05	DK/NR	9 20

n=36

MANY

Approximately, how many different financial institutions in total do you deal with for your different banking activities such as deposits and loans?

		<u>%</u>
01	One	1 39
02	Two.....	2 35
03	Three.....	3 17
04	Four or more	4 9
05	DK/NR	9 0

n=1766

BNK2

With which financial institution do you primarily do your personal banking? (DO NOT READ LIST) ***If person does not want to give their financial institution's name, ask them if it is a chartered bank, trust company, credit union, or smaller bank.

		<u>%</u>
01	Bank of Montreal.....	01 10
02	Bank of Nova Scotia.....	02 8
03	Canadian Imperial Bank of Commerce (CIBC)	03 15
04	Royal Bank	04 19
05	Toronto Dominion	05 10
06	National Bank.....	06 4
07	Canada Trust.....	07 6
08	Royal Trust	08 1
09	Caisse Populaire	09 13
10	Credit union.....	10 8
11	A chartered bank such as Royal Bank	11 1
12	A trust company such as Canada Trust	12 0
13	A smaller bank like Laurentian Bank.....	13 1
14	Other, specify	14 3
15	DK/NR	99 2

n=1745

USE

How often do you use the following financial services or products? Please use a scale where 1 is that you never use them, 2 is that you occasionally use them, or 3 is that you regularly use them?

USE1

MESSAGE: How often do you use a ...

bank or debit card

		<u>%</u>
01	Never.....	1 13
02	Occasionally.....	2 14
03	Regularly.....	3 73
04	DK/NR	9 0
		<i>n=1766</i>

USE2

MESSAGE: How often do you use a ...

credit card

		<u>%</u>
01	Never.....	1 26
02	Occasionally.....	2 37
03	Regularly.....	3 36
04	DK/NR	9 0
		<i>n=1766</i>

USE3

MESSAGE: How often do you use ...

telephone banking

		<u>%</u>
01	Never.....	1 69
02	Occasionally.....	2 14
03	Regularly.....	3 17
04	DK/NR	9 0
		<i>n=1766</i>

USE4

MESSAGE: How often do you use ...

internet or computer banking

		<u>%</u>
01	Never.....	1 89
02	Occasionally.....	2 5
03	Regularly.....	3 6
04	DK/NR	9 0
		<i>n=1766</i>

LOAN

Have you had a personal loan in the past three years?

		<u>%</u>	
01	Yes	1	50
02	No.....	2	49
04	DK/NR.....	9	1

n=1800

MORTG

Have you had a mortgage in the past three years?

		<u>%</u>	
01	Yes	1	34
02	No.....	2	65
04	DK/NR.....	9	0

n=1788

GIC

Have you purchased a Guaranteed Investment Certificate (GIC) in the past three years?

		<u>%</u>	
01	Yes	1	31
02	No.....	2	68
04	DK/NR.....	9	1

n=1778

MFUND

Have you purchased mutual funds in the past three years?

		<u>%</u>	
01	Yes	1	43
02	No.....	2	56
04	DK/NR.....	9	1

n=1778

INST1

Do you have a credit card with the same financial institution where you have your primary bank account?

		<u>%</u>	
01	Yes	1	74
02	No.....	2	26
04	DK/NR.....	9	1

n=1318

INST2

Have you had a personal loan in the last three years from the same financial institution where you have your primary bank account?

		<u>%</u>
01	Yes	1 74
02	No.....	2 26
04	DK/NR	9 0

n=926

INST3

Have you had a mortgage in the past three years from the same financial institution where you have your primary bank account?

		<u>%</u>
01	Yes	1 68
02	No.....	2 31
04	DK/NR	9 0

n=690

INST4

Did you purchase any of your GICs from the same financial institution where you have your primary bank account?

		<u>%</u>
01	Yes, bought ALL my GICs from same institution	1 45
02	Yes, bought SOME of my GICs from same institution.....	2 25
03	No	3 30
04	DK/NR	9 0

n=567

INST5

Did you purchase any of your mutual funds from the same financial institution where you have your primary bank account?

		<u>%</u>
01	Yes, bought ALL my mutual funds from same institution.....	1 26
02	Yes, bought SOME of my mutual funds from same institution...2	2 21
03	No	3 53
04	DK/NR	9 1

n=820

LOAN2

Have you had a personal loan or mortgage application turned down in the past three years?

		<u>%</u>	
01	Yes	1	6
02	No.....	2	93
04	DK/NR	9	0

n=1800

JUST

Do you think the institution was justified in turning down your application?

		<u>%</u>	
01	Yes	1	24
02	No.....	2	71
04	DK/NR	9	5

n=117

WHY

Why was your application turned down? [DO NOT PROMPT]

		<u>%</u>	
01	Insufficient income.....	1	18
02	Past credit history.....	2	15
03	Do not know the reason.....	3	47
04	Other, please specify	4	13
05	DK/NR	9	7

n=116

MMART

Have you ever used a Money-Mart or another cheque cashing service to cash a personal cheque?

		<u>%</u>	
01	Yes	1	8
02	No.....	2	92
04	DK/NR	9	0

n=1800

ROT1

01	Cheque	1
02	Government cheque.....	2

HOLD-1

Does your financial institution ever require you to wait before you can use the funds from a
 <ROT1> deposited into your account?
 cheque

		<u>%</u>
01	Yes	1 18
02	No.....	2 80
04	DK/NR .....	.9 2

n=887

HOLD-2

Does your financial institution ever require you to wait before you can use the funds from a
 <ROT1> deposited into your account?
 government cheque

		<u>%</u>
01	Yes	1 8
02	No.....	2 88
04	DK/NR .....	.9 3

n=860

HOLD2

Do you find the delay to be a serious problem for you personally? Please use a scale from 1 to 7,
 where 1 means not a serious problem at all, 7 means an extremely serious problem, and 4 means
 somewhat of a problem.

		<u>%</u>
01	Not a serious problem at all.....	1 20
02	.....	2 7
03	.....	3 5
04	Somewhat of a problem.....	4 24
05	.....	5 9
06	.....	6 10
07	An extremely serious problem.....	7 25
08	DK/NR .....	.9 0

x=4.26

s=2.19

n=225

INS

Do you currently have any of the following types of insurance? Please include any insurance that you may have personally or through your employer, association or other source. (READ LIST AND ACCEPT ALL THAT APPLY)

READ LIST

		<u>%</u>
01	Life insurance	1 71
02	Home/Apartment insurance.....	2 70
03	Auto insurance	3 81
04	Health insurance (do not include provincial health plans)	4 63
05	[DO NOT READ] None of the above.....	5 5
06	[DO NOT READ] Other, please specify.....	6 3
07	DK/NR.....	9 1
		<i>n=1800</i>

ANNUI

Have you purchased an annuity or another type of investment and savings product from your insurance company in the past three years?

		<u>%</u>
01	Yes.....	1 8
02	No	2 92
03	DK/NR	9 0
		<i>n=1687</i>

PRE15

The next set of questions relate to satisfaction with financial institutions and insurance companies.

SAT1

Thinking about the last time you had direct contact with your financial institution either in-person, by mail or telephone contact, how would you rate your overall satisfaction with the service you received? Please use a scale from 1 to 7, where 1 means extremely dissatisfied, 7 means extremely satisfied, and 4 means neither satisfied nor dissatisfied.

		<u>%</u>
01	Extremely dissatisfied	1 4
02	.....	2 3
03	.....	3 4
04	Neither satisfied nor dissatisfied	4 12
05	.....	5 15
06	.....	6 24
07	Extremely satisfied	7 37
08	DK/NR	9 0
		<i>$\bar{x}=5.54$</i>
		<i>$s=1.64$</i>
		<i>$n=1766$</i>

CONF2

What was the contact that you had with your financial institution? (DO NOT PROMPT)

		<u>%</u>
01	Made deposit/cashed cheque/withdrawal	1 45
02	Financial advice.....	2 14
03	Purchased investment products	3 12
04	Applied for loan/mortgage	4 15
05	Applied for credit card	5 3
06	Safety deposit box	6 0
07	Other, specify	7 6
08	DK/NR	9 4
		n=1766

SAT

Thinking about your financial institution, how satisfied or dissatisfied are you with the following aspects? Please use a scale from 1 to 7, where 1 is extremely dissatisfied, 7 is extremely satisfied, and 4 is neither satisfied nor dissatisfied.

FEES

MESSAGE: How satisfied or dissatisfied are you with ...?

service fees

		<u>%</u>
01	Extremely dissatisfied.....	1 19
02	.....	2 11
03	.....	3 12
04	Neither satisfied nor dissatisfied	4 16
05	.....	5 12
06	.....	6 14
07	Extremely satisfied	7 14
08	DK/NR	9 2
		x=3.91
		s=2.06
		n=1765

RANGE

MESSAGE: How satisfied or dissatisfied are you with ...?

the range and quality of products

		<u>%</u>
01	Extremely dissatisfied.....	1
02	.....	2
03	.....	4
04	Neither satisfied nor dissatisfied	20
05	.....	21
06	.....	28
07	Extremely satisfied	21
08	DK/NR.....	3
		<u>x=5.32</u>
		<u>s=1.35</u>
		<u>n=1765</u>

OVER

MESSAGE: How satisfied or dissatisfied are you with ...?

the overall level and quality of services

		<u>%</u>
01	Extremely dissatisfied.....	1
02	.....	4
03	.....	5
04	Neither satisfied nor dissatisfied	14
05	.....	20
06	.....	30
07	Extremely satisfied	24
08	DK/NR.....	1
		<u>x=5.34</u>
		<u>s=1.49</u>
		<u>n=1765</u>

FPROB

In the past year, have you ever had a SERIOUS problem with the financial institution where you do your primary banking?

		<u>%</u>
01	Yes.....	1
02	No	91
03	DK/NR	0
		<u>n=1765</u>

WHAT1

What type of problem was it? (DO NOT PROMPT)

		<u>%</u>
01	Mistake in accounting	1 29
02	Unhelpful or rude staff	2 15
03	Fee or cost of service	3 10
04	Unacceptable delays	4 13
05	Improper use of personal information	5 4
06	Turned down loan/mortgage application.....	6 12
07	Did not provide adequate information.....	7 6
08	Other, specify	8 12
09	DK/NR	9 1
		n=162

RSOL1

What did you do about your problem or complaint? (DO NOT PROMPT; ACCEPT ALL THAT APPLY)

		<u>%</u>
01	Complained and it was handled internally	1 30
02	Had to speak to a more senior person at the institution.....	2 30
03	Had to speak to a more senior person in the company's main offices	3 8
04	Complained to financial ombudsman.....	4 2
05	Complained to another third party (government).....	5 2
06	Switched institutions	6 21
07	Other, specify	7 18
08	DK/NR	9 3
		n=162

RSOL2

Was your complaint or problem resolved?

		<u>%</u>
01	Yes, fully resolved.....	1 46
02	Yes, partially resolved.....	2 18
03	No	3 36
04	DK/NR	9 0
		n=162

OMBUD

Are you aware that financial institutions have an ombudsman to help address customer complaints?
 (NOTE TO INTERVIEWERS: If they ask, an ombudsman is someone whose job it is to hear and investigate complaints)

		<u>%</u>
01	Yes, somewhat aware	1 20
02	Yes, very aware	2 19
03	No	3 62
04	DK/NR	9 0
		n=1765

SAT2

Thinking about the last time you had direct contact with your insurance company or broker either in-person, by mail or telephone contact, how would you rate your overall satisfaction with the service you received? Please use a scale from 1 to 7, where 1 means extremely dissatisfied, 7 means extremely satisfied, and 4 means neither satisfied nor dissatisfied.

		<u>%</u>
01	Extremely dissatisfied	1 5
02	.....	2 3
03	.....	3 4
04	Neither satisfied nor dissatisfied	4 14
05	.....	5 16
06	.....	6 25
07	Extremely satisfied	7 29
08	DK/NR	9 4
		- x=5.32
		s=1.67
		n=1664

CONI2

What was the contact that you had with your insurance company or broker? (DO NOT PROMPT)

		<u>%</u>
01	Renewed or changed claim/policy.....	1 37
02	Made a claim	2 16
03	Purchased an investment or savings product.....	3 7
04	Financial advice.....	4 5
05	Sought insurance advice	5 11
06	Cancel policy	7 1
07	Other, specify	6 15
08	DK/NR	9 8
		n=1664

CON13

Did that involve life insurance or insurance to cover property such as a home or a car?

		<u>%</u>
01	Life insurance	1 15
02	Property insurance (e.g., home, car)	2 79
03	Other, specify	3 5
04	DK/NR	9 1
		n=983

IPROB

In the past year, have you ever had a SERIOUS problem with your insurance company(s) or broker?

		<u>%</u>
01	Yes.....	1 7
02	No	2 91
03	DK/NR	9 1
		n=1664

WHAT2

What type of problem was it? [DO NOT PROMPT]

		<u>%</u>
01	Mistake in accounting	1 11
02	Unhelpful or rude staff	2 20
03	Did not reimburse amount I was expecting.....	3 28
04	Unacceptable delays	4 12
05	Improper use of personal information	5 5
06	Fee or cost of service.....	6 23
07	Other, specify	7 0
08	DK/NR	9 2
		n=120

RSOL3

What did you do about your problem or complaint? (DO NOT PROMPT; ACCEPT ALL THAT APPLY)

		<u>%</u>
01	Complained and it was handled internally	1 24
02	Had to speak to a more senior person at the institution.....	2 19
03	Had to speak to a more senior person in the company's main offices	3 12
04	Complained to company's main offices.....	4 11
05	Complained to another third party (government).....	5 7
06	Switched companies.....	6 31
07	Other, specify	7 17
08	DK/NR	9 6
		n=89

RSOL4

Was your complaint or problem resolved?

		<u>%</u>
01	Yes, fully resolved.....	1
02	Yes, partially resolved.....	2
03	No	3
04	DK/NR	9
		n=119

TRUS

Using a scale from 1, no trust at all, to 7 a great deal of trust, and 4 means a moderate amount of trust, please rate how much trust you have in the following occupational groups or individuals.

TRUS1-1

MESSAGE: How much trust do you have in ...

federal public servants

		<u>%</u>
01	Not trust at all	1
02	.....	2
03	.....	3
04	A moderate amount of trust.....	4
05	.....	5
06	.....	6
07	A significant amount of trust.....	7
08	DK/NR	9
		x=3.98
		s=1.56
		n=810

TRUS1-2

MESSAGE: How much trust do you have in ...

provincial public servants

		<u>%</u>
01	Not trust at all	1
02	.....	2
03	.....	3
04	A moderate amount of trust.....	4
05	.....	5
06	.....	6
07	A significant amount of trust.....	7
08	DK/NR	9
		x=3.94
		s=1.63
		n=893

TRUS2-1*MESSAGE: How much trust do you have in ...*

Presidents and Chief Executive Officers of large Canadian banks

		<u>%</u>
01	Not trust at all	1 15
02	.....	2 9
03	.....	3 10
04	A moderate amount of trust.....	4 29
05	.....	5 16
06	.....	6 9
07	A significant amount of trust.....	7 6
08	DK/NR.....	9 6

$\bar{x}=3.77$
 $s=1.73$
 $n=833$

TRUS2-2*MESSAGE: How much trust do you have in ...*

bank managers at a local branch

		<u>%</u>
01	Not trust at all	1 4
02	.....	2 3
03	.....	3 7
04	A moderate amount of trust.....	4 24
05	.....	5 21
06	.....	6 23
07	A significant amount of trust.....	7 15
08	DK/NR.....	9 2

$\bar{x}=4.90$
 $s=1.51$
 $n=870$

TRUS4-1*MESSAGE: How much trust do you have in ...*

insurance brokers

		<u>%</u>
01	Not trust at all	1 8
02	.....	2 7
03	.....	3 9
04	A moderate amount of trust.....	4 31
05	.....	5 0
06	.....	6 12
07	A significant amount of trust.....	7 9
08	DK/NR.....	9 4

$\bar{x}=4.22$
 $s=1.63$
 $n=839$

TRUS4-2

MESSAGE: How much trust do you have in ...

stock brokers

		<u>%</u>
01	Not trust at all	1 12
02	.....	2 6
03	.....	3 10
04	A moderate amount of trust.....	4 35
05	.....	5 13
06	.....	6 6
07	A significant amount of trust.....	7 3
08	DK/NR	9 15
		$\bar{x}=3.71$
		$s=1.52$
		$n=864$

INTE

Over the past decade, banks have moved rapidly into investment banking activities such as selling mutual funds, stocks and other investment products. Thinking about this expansion into investment activities, how would you compare banks today to banks of ten years ago in the following areas? Please use a scale from 1 to 7, where 1 is today's banks are much worse, 7 means today's banks are much better, and 4 means no difference.

RAT1

MESSAGE: How would you compare banks today to banks of ten years ago ...

in terms of meeting the needs of Canadians

		<u>%</u>
01	Today's banks are much worse	1 7
02	.....	2 5
03	.....	3 8
04	No difference	4 22
05	.....	5 20
06	.....	6 18
07	Today's banks are much better	7 15
08	DK/NR	9 4
		$\bar{x}=4.65$
		$s=1.71$
		$n=1778$

RAT3

MESSAGE: How would you compare banks today to banks of ten years ago ... in terms of providing value for money

		<u>%</u>
01	Today's banks are much worse	1 11
02	.....	2 8
03	.....	3 12
04	No difference	4 26
05	.....	5 17
06	.....	6 11
07	Today's banks are much better	7 9
08	DK/NR	9 5
		$\bar{x}=4.07$ $s=1.75$ $n=1778$

CDN

A number of our industries are under Canadian control. Other Canadian industries are under foreign control. How important do you think it is that the following industries are under Canadian control? Please use a scale from 1 to 7, where 1 means not at all important, 7 means extremely important, and 4 means somewhat important.

CDN2

MESSAGE: How important is it that ... be under Canadian control?
the banking industry

		<u>%</u>
01	Not at all important.....	1 3
02	.....	2 2
03	.....	3 1
04	Somewhat important.....	4 8
05	.....	5 7
06	.....	6 20
07	Extremely important.....	7 58
08	DK/NR	9 1
		$\bar{x}=6.12$ $s=1.42$ $n=1800$

CDN3-1

MESSAGE: How important is it that ... be under Canadian control?

the airline industry

		<u>%</u>
01	Not at all important.....	1 5
02	.....	2 2
03	.....	3 4
04	Somewhat important.....	4 21
05	.....	5 13
06	.....	6 19
07	Extremely important.....	7 34
08	DK/NR	9 2

-
 $x=5.30$
 $s=1.72$
 $n=608$

CDN3-2

MESSAGE: How important is it that ... be under Canadian control?

the oil and gas industry

		<u>%</u>
01	Not at all important.....	1 3
02	.....	2 3
03	.....	3 1
04	Somewhat important.....	4 13
05	.....	5 13
06	.....	6 19
07	Extremely important.....	7 47
08	DK/NR	9 1

-
 $x=5.78$
 $s=1.53$
 $n=583$

CDN3-3

MESSAGE: How important is it that ... be under Canadian control?

the telecommunications industry

		<u>%</u>
01	Not at all important.....	1 3
02	.....	2 3
03	.....	3 3
04	Somewhat important.....	4 16
05	.....	5 12
06	.....	6 18
07	Extremely important.....	7 44
08	DK/NR	9 1

-
 $x=5.62$
 $s=1.63$
 $n=587$

CDN4

MESSAGE: How important is it that ... be under Canadian control?

the insurance industry

		<u>%</u>
01	Not at all important.....	1 4
02	.....	2 2
03	.....	3 2
04	Somewhat important.....	4 14
05	.....	5 13
06	.....	6 21
07	Extremely important.....	7 44
08	DK/NR.....	.9 1
		$\bar{x}=5.67$
		$s=1.61$
		$n=1800$

ROT10

01	Bank of Montreal	1
02	Bank of Nova Scotia.....	2
03	Royal Bank.....	3
04	Toronto Dominion.....	4
05	Canadian Imperial Bank of Commerce (CIBC).....	5
06	National Bank	6

DOM

How important is it that the six largest banks such as <ROT10> remain under Canadian control in the future? Please use a scale from 1 to 7, where 1 means not at all important, 7 means extremely important, and 4 means somewhat important.

		<u>%</u>
01	Not at all important	1 2
02	.....	2 1
03	.....	3 2
04	Somewhat important	4 7
05	.....	5 6
06	.....	6 20
07	Extremely important.....	7 60
08	DK/NR .....	.9 1
		$\bar{x}=6.18$
		$s=1.38$
		$n=1800$

WDOM

You had said important. Which of the following reasons is closest to why you feel that way?
 (READ LIST; ACCEPT ONLY ONE)

		<u>%</u>
01	Banks are a key sector of the economy	1 25
02	Governments will lose the ability to regulate the industry.....	2 17
03	We need to keep jobs in Canada	3 29
04	We need to ensure consumers are protected.....	4 23
05	[DO NOT READ] Other, specify	5 5
06	DK/NR	9 1
		n=1426

PRE9

I am going to read a series of statements asking you to choose between two alternatives. For each question, please choose the statement which is closer to your view.

XOFF1

MESSAGE: Which statement is closer to your view?

		<u>%</u>
01	It is more important to have Canadian control of our banks even if that may mean slightly higher prices	1 82
02	It is more important to have the lowest consumer prices even if it means that our banks are under foreign control	2 16
03	DK/NR [DO NOT READ].....	9 2
		n=892

XOF1B

MESSAGE: Which statement is closer to your view?

		<u>%</u>
01	It is more important to have Canadian control of our insurance companies even if that may mean slightly higher prices	1 70
02	It is more important to have the lowest consumer prices even if it means that our insurance companies are under foreign control	2 26
03	DK/NR [DO NOT READ].....	9 4
		n=886

XOFF2*MESSAGE: Which statement is closer to your view?*

		<u>%</u>	
01	Canadian banks need to be larger and more international if Canada is to be a strong exporter of financial services in the future.....	1	52
02	Canadian banks are large and powerful enough already, and allowing them to be larger will only reduce the level of competition in Canada.....	2	45
03	DK/NR [DO NOT READ]	9	3

n=876

OFF2B*MESSAGE: Which statement is closer to your view?*

		<u>%</u>	
01	Canadian banks need to be larger if they are to compete against big foreign banks operating in Canada.....	1	48
02	Canadian banks are large and powerful enough already, and allowing them to be larger will only reduce the level of competition in Canada.....	2	49
03	DK/NR [DO NOT READ]	9	3

n=828

XOFF3*MESSAGE: Which statement is closer to your view?*

		<u>%</u>	
01	It is important that MY bank offers the lowest service fees even if that means further possible staff lay offs.....	1	26
02	It is important that MY bank does not lay off more people, even if it means that service fees are not the absolute lowest they could be	2	69
03	DK/NR [DO NOT READ]	9	5

n=1778

XOFF4*MESSAGE: Which statement is closer to your view?*

		<u>%</u>	
01	There should be stricter privacy rules on financial institution's use of personal information even if that may make it somewhat less convenient for me	1	73
02	I don't mind financial institutions using personal information if that means somewhat greater conveniences for me	2	26
03	DK/NR [DO NOT READ]	9	1

n=1778

MERG

There are a number of arguments made for and against allowing mergers between large Canadian banks. How much do you agree or disagree with the following arguments for and against mergers on a scale from 1 to 7, where 1 means strongly disagree, 7 means strongly agree, and 4 means neither disagree nor agree.

MER1

MESSAGE: To what extent do you agree or disagree ...

There will be significant job losses if two large Canadian banks merge

		<u>%</u>
01	Strongly disagree	1
02	.....	2
03	.....	3
04	Neither agree nor disagree	4
05	.....	5
06	.....	6
07	Strongly agree	7
08	DK/NR	9
		$\bar{x}=5.18$
		$s=1.80$
		$n=1096$

MER2

MESSAGE: To what extent do you agree or disagree ...

Large Canadian banks will be better able to compete globally if they are allowed to merge with other large banks.

		<u>%</u>
01	Strongly disagree	1
02	.....	2
03	.....	3
04	Neither agree nor disagree	4
05	.....	5
06	.....	6
07	Strongly agree	7
08	DK/NR	9
		$\bar{x}=4.91$
		$s=1.81$
		$n=1778$

LER3*MESSAGE: To what extent do you agree or disagree ...*

There will be a significant number of branch closures if two large Canadian banks merge.

		<u>%</u>
01	Strongly disagree	1 6
02	.....	2 7
03	.....	3 6
04	Neither agree nor disagree	4 13
05	.....	5 14
06	.....	6 25
07	Strongly agree	7 27
08	DK/NR	9 2
		$\bar{x}=5.11$
		$s=1.82$
		$n=1778$

MER4*MESSAGE: To what extent do you agree or disagree ...*

Canadian businesses around the world will be better served if large Canadian banks are allowed to merge.

		<u>%</u>
01	Strongly disagree	1 10
02	.....	2 12
03	.....	3 9
04	Neither agree nor disagree	4 21
05	.....	5 17
06	.....	6 15
07	Strongly agree	7 11
08	DK/NR	9 4
		$\bar{x}=4.18$
		$s=1.84$
		$n=1778$

MER5*MESSAGE: To what extent do you agree or disagree ...*

Canadians will get much less personal service from their bank if it was to merge with another large Canadian bank.

		<u>%</u>
01	Strongly disagree	1 11
02	.....	2 14
03	.....	3 10
04	Neither agree nor disagree	4 17
05	.....	5 11
06	.....	6 18
07	Strongly agree	7 18
08	DK/NR	9 1
		$\bar{x}=4.28$
		$s=2.01$
		$n=1778$

MER6

MESSAGE: To what extent do you agree or disagree ...

Allowing mergers between large Canadian banks will ensure that our financial institutions will be under Canadian control in the future.

		<u>%</u>
01	Strongly disagree	1 9
02	.....	2 10
03	.....	3 7
04	Neither agree nor disagree	4 21
05	.....	5 16
06	.....	6 18
07	Strongly agree	7 15
08	DK/NR	9 4

$\bar{x}=4.43$
 $s=1.87$
 $n=1778$

MER7

MESSAGE: To what extent do you agree or disagree ...

Allowing large banks to merge will lead to two or three financial institutions having too much power.

		<u>%</u>
01	Strongly disagree	1 6
02	.....	2 8
03	.....	3 6
04	Neither agree nor disagree	4 14
05	.....	5 16
06	.....	6 21
07	Strongly agree	7 28
08	DK/NR	9 1

$\bar{x}=5.04$
 $s=1.84$
 $n=1778$

MER8

MESSAGE: To what extent do you agree or disagree ...

The price for bank services would drop because of efficiencies from a merger.

		<u>%</u>
01	Strongly disagree	1 19
02	.....	2 18
03	.....	3 13
04	Neither agree nor disagree	4 18
05	.....	5 12
06	.....	6 11
07	Strongly agree	7 7
08	DK/NR	9 3

$\bar{x}=3.47$
 $s=1.88$
 $n=1778$

MER9

MESSAGE: To what extent do you agree or disagree ...

Small businesses in Canada would have more difficulty accessing loans if large banks are allowed to merge with another one.

		<u>%</u>
01	Strongly disagree	1 8
02	.....	2 12
03	.....	3 9
04	Neither agree nor disagree	4 17
05	.....	5 13
06	.....	6 18
07	Strongly agree	7 20
08	DK/NR	9 3 x=4.54 s=1.94 n=1778

MER10

The Canadian banking sector would be strengthened if mergers of large banks are allowed.

		<u>%</u>
01	Strongly disagree	1 10
02	.....	2 11
03	.....	3 9
04	Neither agree nor disagree	4 22
05	.....	5 19
06	.....	6 17
07	Strongly agree	7 10
08	DK/NR	9 3 x=4.24 s=1.78 n=1079

ROT20

01 the overall strength of the banking sector 1
 02 the banking sector's ability to compete globally 2

PRE16

How important are the following factors in considering whether or not to approve any mergers between large Canadian banks. Please use a scale from 1 to 7, where 1 means not at all important, 7 means extremely important, and 4 means somewhat important.

LOSS

MESSAGE: How important is ...

whether a merger will lead to job losses

		<u>%</u>	
01	Not at all important.....	1	4
02	.....	2	2
03	.....	3	3
04	Somewhat important.....	4	12
05	.....	5	12
06	.....	6	26
07	Extremely important.....	7	38
08	DK/NR.....	.9	1

$\bar{x}=5.61$
 $s=1.61$
 $n=1778$

PRICE

MESSAGE: How important is ...

whether a merger will lead to lower prices of bank services

		<u>%</u>	
01	Not at all important.....	1	7
02	.....	2	6
03	.....	3	8
04	Somewhat important.....	4	21
05	.....	5	17
06	.....	6	20
07	Extremely important.....	7	19
08	DK/NR.....	.9	2

$\bar{x}=4.74$
 $s=1.79$
 $n=1778$

IMPRO-1

MESSAGE: How important is ...

whether a merger will improve <ROT20>

overall strength of banking sector

		<u>%</u>	
01	Not at all important.....	1	6
02	.....	2	4
03	.....	3	6
04	Somewhat important.....	4	19
05	.....	5	20
06	.....	6	23
07	Extremely important.....	7	20
08	DK/NR.....	.9	2

$\bar{x}=4.95$

s=1.69
n=881

IMPRO-2

MESSAGE: How important is ...

whether a merger will improve <ROT20>
the banking sector's ability to compete globally

		<u>%</u>
01	Not at all important.....	1 6
02	.....	2 3
03	.....	3 4
04	Somewhat important.....	4 20
05	.....	5 17
06	.....	6 25
07	Extremely important.....	7 22
08	DK/NR	9 3
		<u>x</u> =5.07
		s=1.68
		n=897

SMALL

MESSAGE: How important is ...

whether a merger will make it more difficult for small business to access loans

		<u>%</u>
01	Not at all important.....	1 6
02	.....	2 4
03	.....	3 5
04	Somewhat important.....	4 17
05	.....	5 15
06	.....	6 24
07	Extremely important.....	7 28
08	DK/NR	9 2
		<u>x</u> =5.20
		s=1.74
		n=1778

WORLD

MESSAGE: How important is ...

whether a merger will improve the banking sector's ability to serve Canadian companies around the world

		<u>%</u>
01	Not at all important.....	1 5
02	.....	2 3
03	.....	3 4
04	Somewhat important.....	4 21
05	.....	5 20
06	.....	6 25

07	Extremely important	7	19	
08	DK/NR	9	3	
				x=5.05
				s=1.59
				n=1778

CLOSE

MESSAGE: How important is ...

whether a merger will lead to the closure of bank branches

		<u>%</u>	
01	Not at all important	1	5
02	.....	2	4
03	.....	3	5
04	Somewhat important	4	17
05	.....	5	14
06	.....	6	25
07	Extremely important	7	29
08	DK/NR	9	2
			x=5.25
			s=1.71
			n=1778

PRE7

"Tied selling" is a practice where financial institutions PUT PRESSURE ON customers either directly or indirectly to buy a second product when the customer applies for a loan or a mortgage.

TIED

Have you personally ever felt that one of your loans or mortgage may not be approved unless you also purchased another product like insurance from your institution?

		<u>%</u>	
01	Yes	1	16
02	Maybe, but not sure	2	4
03	No	3	80
04	DK/NR	9	1
			n=1178

TIED2

What did you do? (DO NOT PROMPT)

		<u>%</u>	
01	Purchased the other product	1	46
02	Complained to the institution's manager	2	7
03	Complained to the institution's ombudsman	3	0
04	Complained to the provincial government	4	0
05	Complained to the federal government	5	0

06	Did not purchase product at all.....	6	26	
07	Did not purchase product from that institution/ Took business elsewhere	7	8	
08	Other, specify	8	12	
09	DK/NR	9	3	n=196

Currently, banks are not permitted to sell insurance directly from their branches. Some say that this is necessary because banks could use personal information to get Canadians to buy insurance products from them, and this would give them an advantage over insurance companies. Others say that this would give Canadians more choices and allow them to get most of their financial and insurance needs from one institution.

INSUR

SEE SCREEN

PRE11

To what extent do you agree or disagree with the following statements. Please use a scale from 1 to 7, where 1 means strongly disagree, 7 means strongly agree, and 4 means neither agree nor disagree.

INS1

MESSAGE: To what extent do you agree or disagree with ...

Personally, I am not that concerned about whether banks can sell insurance products directly from their branches.

		<u>%</u>		
01	Strongly disagree	1	14	
02	.....	2	10	
03	.....	3	5	
04	Neither disagree nor agree	4	21	
05	.....	5	12	
06	.....	6	17	
07	Strongly agree	7	19	
08	DK/NR	9	1	$\bar{x}=4.37$
				$s=2.05$
				$n=1800$

INS2

MESSAGE: To what extent do you agree or disagree with ...

I would be very concerned that banks would have too much credit and personal information which they would use for inappropriate purposes if they were allowed to sell insurance directly from their branches.

		<u>%</u>
01	Strongly disagree	11
02	.....	10
03	.....	6
04	Neither disagree nor agree	16
05	.....	14
06	.....	19
07	Strongly agree	23
08	DK/NR.....	1
		<u>x=4.64</u>
		<u>s=2.01</u>
		<u>n=1800</u>

INS3

MESSAGE: To what extent do you agree or disagree with ...

I would prefer to have the choice of buying my insurance products from either an insurance company or a bank or trust company.

		<u>%</u>
01	Strongly disagree	1
02	.....	3
03	.....	3
04	Neither disagree nor agree	11
05	.....	11
06	.....	27
07	Strongly agree	39
08	DK/NR.....	1
		<u>x=5.58</u>
		<u>s=1.69</u>
		<u>n=1800</u>

PRE10

Governments require that financial institutions "disclose" certain information to their customers that will help them identify the terms of transactions, their costs and the potential risks that customers face.

DISC1

Do you think that Canadians are being told all they need to know about the terms, costs, and risks of different products and services before purchasing them from a bank, trust company, or credit union?

		<u>%</u>
01 Yes.....	1	32
02 No	2	64
03 DK/NR	9	4

n=1800

DISC2

Do you think that Canadians are being told all they need to know about the terms, costs, and risks of different products and services before purchasing them from an insurance company?

		<u>%</u>
01 Yes.....	1	27
02 No	2	68
03 DK/NR	9	5

n=1800

PRE12

To what extent do you agree or disagree with the following statements? Please use a scale from 1 to 7, where 1 means strongly disagree, 7 means strongly agree, and 4 means neither agree nor disagree.

HIGH

MESSAGE: To what extent do you agree or disagree with ...

In my opinion, the level of service fees are justified given the services provided by banks.

		<u>%</u>
01 Strongly disagree	1	25
02	2	18
03	3	13
04 Neither agree nor disagree	4	16
05	5	12
06	6	9
07 Strongly agree	7	6
08 DK/NR.....	9	1

x=3.27

s=1.91

n=1800

ACC3

MESSAGE: To what extent do you agree or disagree with ...

It is extremely important for me personally to be able to do my banking in person at a branch?

		<u>%</u>
01	Strongly disagree	1
02	.....	2
03	.....	3
04	Neither agree nor disagree	4
05	.....	5
06	.....	6
07	Strongly agree	7
08	DK/NR	9
		<u>x=5.15</u>
		<u>s=2.05</u>
		<u>n=1800</u>

CLOS

MESSAGE: To what extent do you agree or disagree with ...

Banks should be able to close any branches they need to as long as Canadians can still get access to services through new technologies.

		<u>%</u>
01	Strongly disagree	1
02	.....	2
03	.....	3
04	Neither agree nor disagree	4
05	.....	5
06	.....	6
07	Strongly agree	7
08	DK/NR	9
		<u>x=3.33</u>
		<u>s=2.01</u>
		<u>n=1800</u>

EXERT

MESSAGE: To what extent do you agree or disagree with ...

The large banks exert too much influence and power in Canada.

		<u>%</u>
01	Strongly disagree	1
02	.....	2
03	.....	3
04	Neither agree nor disagree	4
05	.....	5
06	.....	6
07	Strongly agree	7
08	DK/NR	9
		<u>x=4.89</u>
		<u>s=1.80</u>
		<u>n=1800</u>

COMP6-1

MESSAGE: To what extent do you agree or disagree with ...

Smaller banks and trust companies are a viable alternative for Canadians who are not happy with the large banks.

		<u>%</u>
01	Strongly disagree	1 3
02	.....	2 4
03	.....	3 3
04	Neither agree nor disagree	4 13
05	.....	5 14
06	.....	6 33
07	Strongly agree	7 28
08	DK/NR	9 3
		$\bar{x}=5.48$ $s=1.52$ $n=874$

COMP6-2

MESSAGE: To what extent do you agree or disagree with ...

Credit unions are a viable alternative for Canadians who are not happy with the large banks.

		<u>%</u>
01	Strongly disagree	1 4
02	.....	2 3
03	.....	3 4
04	Neither agree nor disagree	4 14
05	.....	5 14
06	.....	6 27
07	Strongly agree	7 29
08	DK/NR	9 3
		$\bar{x}=5.36$ $s=1.65$ $n=904$

ALTER

MESSAGE: To what extent do you agree or disagree with ...

Insurance companies could be a viable alternative to the large banks if they were to expand into basic banking activities.

		<u>%</u>
01	Strongly disagree	1 20
02	.....	2 16
03	.....	3 10
04	Neither agree nor disagree	4 18
05	.....	5 13
06	.....	6 11
07	Strongly agree	7 8
08	DK/NR	9 3
		$\bar{x}=3.55$ $s=1.94$ $n=1800$

MAST

MESSAGE: To what extent do you agree or disagree with ...

I have much more confidence in the Canadian banking sector compared to ten years ago.

		<u>%</u>
01	Strongly disagree	1 8
02	.....	2 9
03	.....	3 6
04	Neither agree nor disagree	4 25
05	.....	5 15
06	.....	6 21
07	Strongly agree	7 14
08	DK/NR	9 3
		$\bar{x}=4.52$ $s=1.78$ $n=688$

PROFI

MESSAGE: To what extent do you agree or disagree with ...

I think most Canadian banks earn a fair and reasonable profit.

		<u>%</u>
01	Strongly disagree	1 27
02	.....	2 12
03	.....	3 8
04	Neither agree nor disagree	4 11
05	.....	5 8
06	.....	6 15
07	Strongly agree	7 17
08	DK/NR	9 2
		$\bar{x}=3.74$ $s=2.29$ $n=1800$

HATE

MESSAGE: To what extent do you agree or disagree with ...

I'd really hate to see some giant U.S. bank come into Canada and squeeze out our traditional Canadian banks.

		<u>%</u>
01	Strongly disagree	1 7
02	.....	2 5
03	.....	3 2
04	Neither agree nor disagree	4 6
05	.....	5 6
06	.....	6 18
07	Strongly agree	7 56
08	DK/NR	9 1
		$\bar{x}=5.76$ $s=1.88$ $n=1778$

ENTER

MESSAGE: To what extent do you agree or disagree with ...

I don't really care if a large U.S. bank enters the Canadian market if it means more competition, lower prices, and better services.

		%
01	Strongly disagree	1 34
02	.....	2 17
03	.....	3 8
04	Neither agree nor disagree	4 10
05	.....	5 8
06	.....	6 11
07	Strongly agree	7 11
08	DK/NR	9 1
		$\bar{x}=3.17$
		$s=2.17$
		$n=1778$

MAX

MESSAGE: To what extent do you agree or disagree with ...

Banks do not have any special public responsibilities compared to other businesses.

		%
01	Strongly disagree	1 26
02	.....	2 22
03	.....	3 10
04	Neither agree nor disagree	4 14
05	.....	5 10
06	.....	6 9
07	Strongly agree	7 7
08	DK/NR	9 2
		$\bar{x}=3.15$
		$s=1.94$
		$n=1800$

TECH1

MESSAGE: To what extent do you agree or disagree ...

Personally, I prefer using banking machines over going into a bank and dealing with a teller.

		%
01	Strongly disagree	1 20
02	.....	2 12
03	.....	3 6
04	Neither disagree nor agree	4 14
05	.....	5 9
06	.....	6 15
07	Strongly agree	7 23
08	DK/NR	9 0
		$\bar{x}=4.16$
		$s=2.25$
		$n=1800$

NET1

MESSAGE: To what extent do you agree or disagree ...

I would be willing to give my credit card number over the Internet, in order to purchase a product or service.

		<u>%</u>
01	Strongly disagree	1 72
02	.....	2 10
03	.....	3 5
04	Neither disagree nor agree	4 3
05	.....	5 2
06	.....	6 4
07	Strongly agree	7 2
08	DK/NR	9 2
		$\bar{x}=1.71$ $s=1.47$ $n=622$

NET2-1

MESSAGE: To what extent do you agree or disagree ...

I expect that I will do some of my banking over the Internet within the next two years.

		<u>%</u>
01	Strongly disagree	1 41
02	.....	2 14
03	.....	3 4
04	Neither disagree nor agree	4 9
05	.....	5 7
06	.....	6 9
07	Strongly agree	7 14
08	DK/NR	9 1
		$\bar{x}=3.08$ $s=2.29$ $n=904$

NET2-2

MESSAGE: To what extent do you agree or disagree ...

I expect that I will make some investments over the Internet within the next two years.

		<u>%</u>
01	Strongly disagree	1 56
02	.....	2 15
03	.....	3 4
04	Neither disagree nor agree	4 8
05	.....	5 5
06	.....	6 6
07	Strongly agree	7 5
08	DK/NR	9 1
		$\bar{x}=2.29$

s=1.89
n=896

ROT13

01	Banks.....	1
02	Telephone companies	2
03	Insurance companies.....	3
04	Cable television companies	4
05	Governments.....	5

INVAS-1

MESSAGE: To what extent do you agree or disagree ...

I don't think the average Canadian suffers any serious negative consequences because of so-called invasions of privacy by <ROT13>
banks

			<u>%</u>
01	Strongly disagree	1	25
02	.....	2	18
03	.....	3	8
04	Neither agree or disagree	4	16
05	.....	5	12
06	.....	6	11
07	Strongly agree	7	7
08	DK/NR	9	4
			<u>x=3.33</u>
			<u>s=1.98</u>
			<u>n=343</u>

INVAS-2

MESSAGE: To what extent do you agree or disagree ...

I don't think the average Canadian suffers any serious negative consequences because of so-called invasions of privacy by <ROT13>
telephone companies

			<u>%</u>
01	Strongly disagree	1	29
02	.....	2	17
03	.....	3	10
04	Neither agree or disagree	4	18
05	.....	5	10
06	.....	6	9
07	Strongly agree	7	5
08	DK/NR	9	4
			<u>x=3.09</u>

s=1.89
n=372

INVAS-3

MESSAGE: To what extent do you agree or disagree ...

I don't think the average Canadian suffers any serious negative consequences because of so-called invasions of privacy by <ROT13>. insurance companies

		%
01	Strongly disagree	1 22
02	.....	2 18
03	.....	3 13
04	Neither agree or disagree	4 19
05	.....	5 9
06	.....	6 10
07	Strongly agree	7 6
08	DK/NR	9 4
		$\bar{x}=3.26$
		$s=1.86$
		$n=354$

INVAS-4

MESSAGE: To what extent do you agree or disagree ...

I don't think the average Canadian suffers any serious negative consequences because of so-called invasions of privacy by <ROT13>. cable TV companies

		%
01	Strongly disagree	1 20
02	.....	2 14
03	.....	3 10
04	Neither agree or disagree	4 23
05	.....	5 9
06	.....	6 9
07	Strongly agree	7 4
08	DK/NR	9 11
		$\bar{x}=3.38$
		$s=1.82$
		$n=359$

INVAS-5

MESSAGE: To what extent do you agree or disagree ...

I don't think the average Canadian suffers any serious negative consequences because of so-called invasions of privacy by <ROT13>. governments

		%
01	Strongly disagree	1 26
02	.....	2 17
03	.....	3 12
04	Neither agree or disagree	4 17
05	.....	5 11
06	.....	6 8
07	Strongly agree	7 7
08	DK/NR	9 3
		$\bar{x}=3.21$
		$s=1.92$
		$n=372$

RIGHT

MESSAGE: To what extent do you agree or disagree with ...

My privacy rights as a consumer in credit reporting are adequately protected by law and business practices.

		%
01	Strongly disagree	1 12
02	.....	2 13
03	.....	3 13
04	Neither agree or disagree	4 23
05	.....	5 14
06	.....	6 15
07	Strongly agree	7 8
08	DK/NR	9 2
		$\bar{x}=3.93$
		$s=1.80$
		$n=1136$

WEIGH

MESSAGE: To what extent do you agree or disagree ...

I personally think the benefits of having all my financial services integrated at one institution outweigh the privacy concerns around that institution having access to my credit and other personal information.

		<u>%</u>
01	Strongly disagree	1 15
02	.....	2 14
03	.....	3 11
04	Neither agree or disagree	4 18
05	.....	5 14
06	.....	6 16
07	Strongly agree	7 8
08	DK/NR	9 3
		\bar{x} =3.84
		s=1.92
		n=1800

DEMO

These last questions are for statistical purposes only, and I remind you that all of your answers are completely confidential.

LAN1

What is the language that you first learned at home in childhood and still understand?

		<u>%</u>
01	English.....	1 68
02	French.....	2 23
03	Other.....	3 9
04	DK/NR	9 0
		n=1800

SIZE

Which most accurately describes the size of the city, town or village where you currently reside?

		<u>%</u>
01	Less than 1,000.....	1 7
02	1,000-9,999.....	2 17
03	10,000-24,999.....	3 12
04	25,000-99,999.....	4 18
05	100,000-500,000.....	5 19
06	500,000 or more	6 23
07	(DO NOT READ) DK/NR	9 3
		n=1778

HOU10

Which of the following types best describes your current household?

		<u>%</u>
01	One person, living alone.....	1 19
02	One adult with child/children	2 6
03	A married or common-law couple, without children	3 23
04	A married or common-law couple, with children	4 38
05	Two or more unrelated persons	5 5
06	Living with relatives other than parents	6 2
07	More than one adult with child/children	7 2
08	Other (please specify).....	8 4
09	DK/NR	9 1

n=1778

EDU10

What is the highest level of schooling that you have completed?

		<u>%</u>
01	Public/Elementary school or less (grade 1-8).....	01 2
02	Some high school	02 12
03	Graduated from high school (grade 12-13)	03 25
04	Vocational/Technical college or CEGEP	04 21
05	Trade certification	05 2
06	Some university.....	06 8
07	Bachelor's degree.....	07 20
08	Professional certification	08 5
09	Graduate degree.....	09 5
10	DK/NR	99 0

n=1778

EMPL

Which of the following categories best describes your CURRENT employment status?

		<u>%</u>
01	Self-employed.....	01 12
02	Employed full-time.....	02 39
03	Employed part-time.....	03 10
04	Seasonal employment.....	04 3
05	Term employment	05 0
06	Unemployed	06 4
07	Student.....	07 8
08	Retired	08 15
09	Homemaker	09 5
10	Disability/sick leave	10 1
11	Maternity/paternal leave	11 0
12	Other (please specify).....	98 2
13	DK/NR	99 0

n=1778

INC10

In which of the following categories would your 1997 HOUSEHOLD income before taxes, fall?

		<u>%</u>
01	Less than \$20,000.....	1 16
02	\$20,000 to \$39,999.....	2 28
03	\$40,000 to \$59,999.....	3 19
04	\$60,000 to \$79,999.....	4 13
05	\$80,000 to \$99,999.....	5 7
06	\$100,000 or more	6 7
07	DK/NR	9 10

n=1771

UNP10

Which of the following categories best describes your job?

		<u>%</u>
01	Labourer	1 6
02	Semi-skilled.....	2 5
03	Skilled tradesperson	3 11
04	Sales, service, clerical	4 20
05	Professional	5 26
06	Management or administrative.....	6 13
07	Other (please specify).....	7 14
08	NA - never had a job	8 5

n=1502

RENT

Do you own or rent your current dwellings?

		<u>%</u>
01	Own	1 64
02	Rent	2 33
03	Other, specify	3 2
04	DK/NR	9 1

n=1778

IT10

Other than Canadian, to which ethnic or cultural group(s) did your ancestors belong?

		<u>%</u>
01	Please specify	1 85
02	DK/NR	9 15

n=1778

NET

Have you ever used the Internet?

		<u>%</u>
01 Yes	1	57
02 No	2	42
03 DK/NR	9	0

n=1778

AGE

In what year were you born? 19_ _ [NOTE: if they won't give you their year of birth, ask if they fall into any of the following categories]

01 < 16 years	01
02 16-29 years of age.....	02
03 30-34.....	03
04 35-39.....	04
05 40-44.....	05
06 44-49.....	06
07 50-54.....	07
08 55-59.....	08
09 60-64.....	09
10 65 or older	10
11 DK/NR	99

FOC1

Do you live in any of the following cities?

01 Toronto	1
02 Ottawa	2
03 Montreal	3
04 No	4
05 DK/NR	9

FOC2

Do you live in any of the following cities?

01 Vancouver	1
02 Winnipeg	2
03 Calgary	3
04 No	4
05 DK/NR	9

FOC3

Do you live in any of the following cities?

01	Fredericton.....	1
02	Moncton	2
03	Halifax	3
04	No	4
05	DK/NR	9

Appendix 1-B Moderator's Guide

Focus Group/Triad Discussion Guide

April 1998

Introduction

- Purpose of research and study sponsors
- Format of discussion
 - informal
 - no right or wrong answers
 - perfectly acceptable to have differences of opinion
- Role of moderator
 - raise issues for discussion
 - probe for clarification
 - watch time and ensure that everyone has a chance to speak
- Other issues
 - the discussion is being audio-taped (and if applicable, video-taped) for research purposes
 - (if applicable) the discussion is being observed by members of the research team
 - all comments will remain confidential (no names will appear in any report/documents)
- Introductions
 - Participants are asked to introduce themselves and briefly state what they do for a living. (If they are looking for work, they can identify the type of work they are interested in.)

A Attitudes Towards Financial Services Sector [CORE]

I would like to begin with some word association as a way of warming us up for the discussion. When I say the word "banks" what words or phrases come instantly to your mind?

– Are the images that come to mind mainly positive or negative?

– How do you feel specifically about Canadian banks?

– What are the negative things that you dislike about them?

– What are the positive things that you like?

– What does a bank have to do to earn your respect?

1. When I say the word "financial services sector" what words or phrases come instantly to your mind?

– Are the images that come to mind mainly positive or negative?

2. The financial services sector is made-up of a number of different types of providers, including banks, credit unions, trust companies, brokerage firms, and insurance companies. Do you tend to see these different organization in basically the same way or do you differentiate between them? For example, in terms of...

– honesty;

– quality of products and services;

– reliability; and

– their contribution to the Canadian economy.

B Consumer Behaviour/"Bundling" of Financial Services

3. How many of you use the services of a bank? trust company? credit union?

– Do you rely on a single financial institution for all of the financial services and products you need or do you use different financial institutions as well as different types (e.g., trust companies, credit union, insurance company)?

– Who do you use for what?

– everyday banking (e.g., your checking account);

– personal loans/line of credit; mortgages;

– credit cards;

– car leasing; and

– investment services (e.g., RRSPs, GICs, mutual funds, brokerage).

4. There are different reasons why some people rely on a single financial institution while others choose to deal with a couple of different institutions.
 - Why do some of you rely on a single financial institution for all or most of your needs?
 - good service from your institution;
 - familiarity with institution/staff;
 - easier to use the same institution for different products/services; and
 - have an established record/history with your institution.
 - Why don't some of you rely on a single financial institution for all of your needs?
 - shop around for best deal;
 - haphazard approach; and
 - service/product better/more specialized at other institutions (e.g., a broker for RRSPs).
5. Have you personally ever felt that one of your loans or mortgage may not be approved unless you also purchased another product like insurance from your institution?
 - What did you do?
 - What would you do if you this happened to you?
 - Would you have any concerns?

C Satisfaction with Financial Institution

6. Overall, how satisfied are you with the services and products you receive from your financial institution compared to those of some of the other providers in the financial services sector we just mentioned?
 - Thinking about the last 10 years or so, would you say that your overall level of satisfaction with banks is increasing or decreasing?
 - Can you think of any types or services/products that have particularly improved or deteriorated?
 - customer service;
 - convenience;
 - range of services/products; and
 - quality of service/product.
 - Why do you say that?
7. How do you feel specifically about service fees?
 - How aware are you of what fees your financial institution charges?
 - How big a factor are they in determining which institution you deal with?

- Financial institutions say that the service fees help to cover the costs of introducing new technology such as automated bank machines across the country, or newer services such as telephone or Internet banking.
 - Are service fees charged by financial institutions worth the improvements we mentioned?
- 8. Have you ever purchased a financial product or service that completely failed to meet your expectations?
 - Did you try to do anything about it? What happened?
 - Are you aware of any mechanisms for dealing with consumer complaints regarding financial products and services?
 - Have you ever used any of them? What happened?

D Access [CORE]

- 9. Anyone with \$5.00 can walk into a fast-food restaurant and have lunch. Can anyone obtain services and products from a financial institution?
 - Can you think of anything that would make it difficult or even impossible for some people to obtain services from a bank, trust company or insurance company?
 - lack of income/assets;
 - technological barriers;
 - remote access;
 - no permanent address/identification; and
 - other.
 - Have you ever felt that your ability to use the services (i.e., that is to have access to them) provided by financial institutions is limited?
 - What did you do?
 - Which groups do you think are most affected by these types of barriers?
 - women;
 - lower income groups;
 - self employed;
 - rural areas;
 - Should something be done to remove them, or do you think it's not significant enough of an issue?
 - Do you have any ideas about what could be done?

- Has new technology improved or worsened access?

E Public Responsibilities of Financial Institutions [CORE]

10. Economies are made-up of different sectors. For example, in Canada we have the automotive sector, petrochemical, telecommunications, fisheries, etc. Do you think that Canadian financial institutions owe a greater public duty than other sectors of our economy?

- Why/why not?

11. What about banks in particular?

- What makes banks different from other types of businesses or corporations that are trying to be profitable?

12. Do banks have a responsibility to provide basic bank accounts to Canadians (even if that line of business may not be profitable)? Should banks be able to close branches if there is greater access to the same services through newer technologies?

F Competition Between Banks/Alternative to Banks [Question 14 Core]

13. Some people say that there is a fair bit of difference between the products and services offered between the different banks, and between banks and other types of financial institutions. Others say that the financial institutions are all pretty much the same. What do think?

- How much competition is there between banks?
- How about between banks and other types of financial institutions (e.g., credit unions and trust companies) that offer similar products and service?
- For those of you who feel that there isn't much competition between banks, how much of an issue is it for you? Does it matter to you?
 - What could/should be done about this issue?
 - Have you or would you be willing to switch institutions if you were not happy with their service?

14. What if banks were able to sell **all** types of financial products and services (e.g., sell insurance and offer financing for car leasing)? What if insurance companies were able to provide deposit accounts (i.e., a "bank" account)?

- Would this be a good or a bad thing?
- Do you have any concerns?

- Do you see banks and insurance companies as viable competitors (i.e., that you would potentially use either one of them if they provided the same services)?

G Competitiveness, Mergers and Foreign Control [CORE]

15. How important is the financial sector to the Canadian economy?

- in terms of jobs
- in terms of providing loans to individuals and businesses
- in terms of paying taxes
- in terms of exporting

16. Do you know that the large banks are significant exporters of financial services around the world. For example, approximately 40 per cent of the large banks profits come from selling the "expertise" and services to individuals and businesses in other countries.

- Do you think it is important that Canada develop an internationally competitive industry that provides these services/expertise around the world like we have done in forestry or high technology industries? Or should banks focus on only operating strictly in Canada?
 - Why/why not?
- Can you think of any factors that effect the ability of Canadian financial institutions to compete globally?
 - implementation of technology;
 - freedom to downsize;
 - ability to sell the full range of financial services and products; and
 - extent of regulations and restriction (e.g., mergers, foreign ownership).

17. So far, major Canadian banks have been prevented from merging with one another. Some people think these rules should be relaxed or even removed because it will allow these institutions to get larger and be better able to compete against large banks around the world, and be better able to compete against large foreign banks operating in Canada?

- What are the advantages and disadvantages of allowing financial institutions to merge?
 - strengthen the banking sector;
 - global competitiveness;
 - service quality/choice;
 - price of services/products;
 - value of the stock;
 - jobs/economy; and
 - corporate citizenship.

- Do your views change depending the type of financial institution involved?
 - banks merging with other banks;
 - insurance companies merging with other insurance companies; and
 - banks merging with insurance companies.
- Under what conditions would it be OK to allow these types of mergers?
 - service/product quality for consumers;
 - fees and prices;
 - competition within Canada;
 - Canadian *vs.* foreign control
 - treatment of downsized employees; and
 - other.

18. Currently, there are rules that in effect prevent foreign control of Canadian financial institutions. This has meant that our largest banks are under Canadian control. How would you feel if this was not the case, and that our large major banks were under foreign control (i.e., owned by large American or European banks)?

- Is it important that our banks are under Canadian control? Why do you feel this way?
- What are the advantages and disadvantages of allowing foreign financial institutions to takeover/merge with Canadian ones?
 - more competition;
 - service quality;
 - choice;
 - price of services/products;
 - value of the stock;
 - jobs/economy; and
 - corporate citizenship.
- Do your views change depending the type of financial institution involved (e.g., a large chartered bank such as the Bank of Nova Scotia, a trust company, or credit unions)?

19. What if you had to chose between allowing Canadian banks to get larger through mergers or our banks being under foreign control. Which would you prefer? Why?

H Technology

20. What technologies do you use to select financial services and products and to make transactions (e.g., bank machines, telebanking, Internet)?

- How do you feel about using technology for accessing financial services/products?
- What are the advantages and disadvantages **for you**?

21. Some people say that consumers will increasingly have to interact with banks and other financial institutions through technology, such as the telephone, electronic kiosks and the Internet and less through branches and offices. How do you feel about this trend?

- How do you feel about the pace of technological innovation? Are things changing too slowly, too fast or at just the right speed?
- Will you be able to take advantage of this technology, or are you concerned about being left behind?
- Some people say that banks closing a number of smaller branches and implementing more technology-based services (e.g., bank machines, Internet, telebanking) is a good idea because it is more convenient for consumers. Others are not so sure. What do you think?
- Those of you who do not like the idea of banks and other financial institutions closing branches, under what conditions, if any, would it be acceptable to do so?
 - lower service fees;
 - special access programs for those require it (e.g., seniors);
 - more accessible user-friendly technology; and
 - other.

I Privacy

You have undoubtedly heard people mention that we are now living in the information age. In the financial sector, a lot of the information that is collected and analyzed is personal information on clients, such as debts and assets, income, credit ratings, health information, investments and, of course, records of the products and services that consumers purchase.

22. Some people have concerns about the information that is collected and the way it is used. In short, they worry about their personal privacy. Others say that there is nothing to worry about. How do you feel about the issue of privacy when it comes to the financial services sector?

- Do you have any concerns?
- What type of information is collected?
- What do imagine institutions do with this information?
- How would you feel about financial institutions using information to market services/products to you (e.g., noting purchase of baby clothes on your credit card to sell you life insurance.)
- Are there any laws, rules or codes of conduct that govern the way personal information is used?

J Other

23. Finally, would you like to make any other comments before we end the discussion?

THANK YOU VERY MUCH FOR YOUR PARTICIPATION

Appendix 2 Field Report

Introduction and Objectives

- Data collection involved a survey of 1,800 individuals from across Canada. Each participant was 18 years of age and a resident of Canada.
- This report discusses the field logistics, the resulting response rates and the data base management process.

Sampling and Instrument Finalization

- The sample was selected from every telephone directory in Canada. Some were also chosen by a random generation method which ensures that some unlisted numbers are placed in the sample. Only random numbers that had at least a fifty per cent chance of being a live number were added to the sample.
- The survey questionnaire was developed Ekos in close consultation with the Task Force. Ekos designed the CATI programming for the survey items, as well as the variables to be used for imported information for the purposes of survey logistics.
- Prior to the pre-test, the survey instrument was discussed in a focus group setting (English and French) on January 15, 1998 to gauge the flow and clarity of the questions. Revisions to the instrument were made to clarify certain questions and to adjust some of the terminology.
- A pretest was conducted on January 22nd, 1998 to ensure the clarity and flow of the survey instrument as well as a check of the CATI programming of the instrument and the average length of the questionnaire.
- The pretest revealed the survey instrument to be longer than originally outlined in the project's overall budget, although this was addressed through conducting fewer interviews given the large sample size. Final revisions were made to the survey instrument to clarify certain questions and to give a sharper focus to the questionnaire.
- Following the announcement of the proposed merger between the Bank of Montreal and the Royal Bank of Canada in February, 1998, the decision was made to delay undertaking the survey at a time when media coverage was at its peak. This was considered necessary in order to minimize any possible "noise" in the findings.

Survey Logistics

- Ekos assembled a team of sixty-four experienced interviewers to conduct the survey. Every shift was supervised by a minimum of four shift supervisors. The survey manager or survey supervisor was also present on all shifts. Training included a review of the study issues, the survey questionnaire items, as well as telephone interviewing techniques and survey

administration procedures. A senior consultant was available during the first night of the survey to provide any additional information that became apparent that the survey team required.

- A number called one day was given a rest until the next day. No respondent was to be called more than once per day unless otherwise requested by the respondent. If an interviewer was unsuccessful in contacting a respondent on two consecutive evenings, a day call was attempted. Attempts to reach the respondent on the weekend were also made. No respondents were called after 9:00 p.m. in their own time zones unless formally requested by the respondent. Appointments were made with potential respondents who expressed a wish to participate at a more convenient time.
- Extensive use was made of Ekos' 1-800 number with more than 100 hundred calls handled during the running of this study. Respondents were called a maximum of eight times. After the eighth unsuccessful attempt to reach a respondent the case was retired.
- Daily records were kept of all calls made, whether successful (i.e., interviews completed or appointments made), or not. Supervisors were on hand at all times to monitor the progress of all work including interviewer performance, contact records and data quality. The supervisor was also available to any respondents to legitimize the survey. The survey supervisor reported to the survey manager on a daily basis.
- Sample attrition considers all numbers not in service, ineligible respondents (those who were not residents of Canada). Language category was used for all people who could not respond to a survey in either of Canada's two official languages. The "Other" category holds calls where the respondent was too ill, or whose case was a duplicate. Cases which were called eight times or more with no contact with a respondent were coded as "retired", and removed from the functional sample. Sample attrition was 42 per cent for the study.
- In total, 1,800 interviews were completed over a nineteen day period. Field work started on March 17th, and terminated on April 4th. The overall response rate was 18 per cent within the functional sample contacted at the conclusion of the survey. Exhibit 1 provides details for each response category, as well as the percentage across attrition/functional sample cases.
- The margin of error for the overall sample is + 2.3 per cent, indicating the level of precision of the responses nineteen times out of twenty. Larger margins of error are associated with subgroups of the sample.

Data Base Management

- The purpose of data base management is to transform the survey data into a computerized format and create a usable file for the required analysis.
- In the context of CATI the survey data base is created as the survey unfolds. Each interview is added to the final data base as it is completed. Answer consistency checks and skips are programmed right into the questionnaire so that questions cannot be asked when they are not required and cannot be left unanswered when they require an entry. Data editing is thus

relegated to a minor check of "non applicable" code attribution in cases where backwards skips occurred during an interview.

- Following completion of the field component, the data were reviewed and cleaned. The data were weighted according to province, sex, and age.

EXHIBIT 1

Response Rates

Centers	Original Sample
Total Sample	14,755
Less Attrition	
Ineligible/Screened out	77
Language difficulty	466
Not in service	3,723
Other	244
Total Sample Attrition	7,535
Total Functional Sample	10,220
Completions	1,800
Completion Rate (based on Functional Sample)	18%

